



Daily Report

East Europe

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UN Official: River Fleet Breaking Embargo

*AU0802165794 Sofia KONTINENT in Bulgarian
5-6 Feb 94 p 3*

[Interview with Hening Stanislavski, deputy chief of the UN Sanctions Assistance Mission, by Tsvetana Krusteva; place and date not given: "UN Observers Are Confronted With Companies That Have Never Heard of the Yugo-Embargo"]

[Text] Hening Stanislavski is the deputy leader of the UN Sanctions Assistance Mission that is in charge of assisting Bulgarian customs officials to prevent breaches of the embargo against Serbia and Montenegro. On 29 January 1994, a group of his colleagues were forced by gangsters to leave the Kalotina checkpoint at the Serbian border and were followed to their hotel in Sofia.

[Krusteva] Mr. Stanislavski, how many times did you discover embargo breaches?

[Stanislavski] We just had a case in Vidin where a cargo ship presumably tried to transport 5,000 tonnes of fuel deliveries to Serbia. The vessel had arrived downstream during the night with its lights out, without establishing any radio contact with the shore authorities, and it was caught thanks to the cooperation between the Bulgarian customs officials and members of the Sanctions Assistance Mission and of the WEU Control Group.

[Krusteva] How did it happen?

[Stanislavski] A customs official who had the evening off and was staying at home looked out of his window and heard the vessel approaching. He informed his colleague who was on duty at the customs office. The ship was followed with a fast motorboat, but did not stop until the joint crew showed its weapons. The vessel's crew, which was presumably sailing under a Czech flag, declared that it had never heard about an embargo. The same cargo ship, however, was involved in a similar case, in 1993, when its attempt to bust the embargo was prevented by the UN mission and Bulgarian customs officials. In another case, which occurred in December 1993, the Bulgarian river fleet tried to sell seven cargo ships, three barges, and three passenger ships to Serbia.

[Krusteva] Similar violations presumably occur also on the border with Serbia?

[Stanislavski] In December 1993, I witnessed how the Bulgarian customs officials lost control of their territory in Kalotina, because of criminals who were in control of the situation. The majority of customs officials are afraid of being killed and hence, they are not in a position to cope normally with their tasks. It was just before Christmas 1993 that the police organized an operation in the border area and seemed to have solved the problem for the time being. The current situation is peaceful, but one never knows how long this is going to last, because the criminals who were arrested during the operation were released within seven days.

[Krusteva] Are you concerned about the 29 January 1994 incident, and what are the problems, generally speaking, that you are confronted with in this country?

[Stanislavski] Sometimes we have difficulties in communicating and establishing contact with customs officials. We are also confronted with security problems that have nothing in common with the economic situation. The greatest problems are emerging at the small border checkpoints where people are waiting in line. Minor breaches of the embargo are always likely to occur. I am talking about violations that the customs officials are deliberately overlooking. We call them the "illegal traffic of the ants." We could prevent them, but our task is to cope with large-scale illegal traffic, which involves smuggling several tonnes of goods.

[Krusteva] What are you supposed to do when you discover an act of busting the embargo?

[Stanislavski] We are only assistants, which means that as soon as we discover a breach we are obliged to inform the Bulgarian authorities, namely the customs officials, and sometimes even the Prosecutor's Office. It is their duty to adopt the necessary measures.

Defense Minister Presents Defense Bill

*AU0802085594 Sofia BULGARSKA ARMIYA in
Bulgarian 2 Feb 94 pp 1, 3*

["Expose by Valentin Aleksandrov, minister of defense, on Draft Bill on the Armed Forces and Defense of the Republic of Bulgaria": "Green Street to Military Reform!"]

[Text] Mr. Chairman, Esteemed People's Deputies:

I am happy that a bill which settles a very important subject will finally be presented to your attention.

The goal of the draft bill we submit is to improve in a qualitative manner the normative basis of this sphere, under conditions of social democratization and the new international relations. The Law on General Military Service, which has been operative since 1958, does not correspond any longer to the new social requirements. The establishment of state organs which have leading functions vis-a-vis the Armed Forces and the defense, as well as the separation of powers among them, must be resolved by a law. Thus much friction, which is evident now, will be eliminated.

The draft bill is based on the fundamental principles of civil leadership and parliamentary control over the Armed Forces' activity, banning the Bulgarian Army from participating in resolving tasks of internal political character, legally determining the rights, duties, and responsibilities of the military and improving their social prestige, legally determining the prerogatives of the state organs related to guiding the country's defense, providing the legal possibility of alternative service without having to operate weapons, legally settling the

Army's participation in the organs of local administration, and determining the physical and judicial entities involved in the country's defense.

As a structure the bill consists of two logically related parts—on defense and on the Armed Forces. They treat the subject of the higher state organs' prerogatives in the area of defense, the prerogatives of the president of the Republic of Bulgaria as the supreme commander in chief, and the prerogatives of the Council of Ministers related to the general leadership of the Armed Forces. The draft bill explicitly points out that the minister of defense is and will be a civilian. This conforms to the ban on the military's political activity and represents one of the manners of implementing a total civilian control. The functions of the defense minister and chief of the General Staff are regulated by the draft bill.

On the basis of Article 9 of the Bulgarian Constitution the draft bill envisages that the Armed Forces consist of the Bulgarian Army, the Interior Ministry Troops, the National Intelligence Service, the National Security Service, and the National Protection Service. A separate bill will regulate the Military Police's organization and activity. This is an important Army unit.

A special attention was devoted to the status of the military, namely, entering the regular military service, the municipal organs' role in preparing mobilization, the military's rights and duties, social security, and disciplinary, property, and administrative- penal responsibility. The conditions of the military's training and professional development, as well as their material security, leisure, and leave are specified in the draft bill. The draft bill envisages that the length of military service will

be 15 months. It also envisages the possibility of alternative military service without the use of weapons. The regulations and conditions of carrying out military service will be settled through another special draft bill.

In the interest of national security the draft bill envisages a ban on the participation of the military in political parties, organizations, and associations with political goals. Simultaneously, as an expression of democratism, they have been afforded the possibility of uniting in associations on a professional basis. The new elements in the draft bill are related to the military ranks attached to specific officers' duties. Promotions will be effected when the officers are transferred to posts which require a specific rank. This is a very important element. I must tell you that four years ago there was a very grave situation in the Army, when many high-ranking officers implemented inappropriate tasks. This caused then a certain inflating of the officer corps. I think that the normal pyramid of military subordination will be restored through the adoption and implementation of this bill. The contract principle is established by the draft bill as the strategy in cadre policy, which provides the military with legal, professional, and social guarantees. This will create the possibility of a gradual transition toward a professional army. The military service age limit for the various ranks was determined in accordance with the practice in most European states and needs of the Army itself.

I think that the draft bill that has been submitted to your attention represents a legal foundation on which all legislative aspects of the sphere of the Armed Forces and defense will develop. The adoption of this draft bill will facilitate the implementation of the reform in the Army in accordance with the processes of democratizing society. Thank you for your attention!

Klaus Returns From Visit to Israel

LD0802221294 Prague Radiozurnal Radio Network in Czech 2000 GMT 8 Feb 94

[Excerpt] Prime Minister Vaclav Klaus returned to Prague today from his three-day visit to Israel. [passage omitted]

Interviewed on Visit

LD0802204794 Prague Radiozurnal Radio Network in Czech 1700 GMT 8 Feb 94

[Interview with Czech Prime Minister Vaclav Klaus by Lucie Weissova at the conclusion of his visit to Israel, place and date not given—recorded]

[Excerpts] [Weissova] Mr. Prime Minister, the official talks with Israeli senior figures are now behind you, so I would like to ask you what the aims of your trip to Israel were and whether your talks fulfilled your expectations.

[Klaus] This is the first visit by a prime minister of our country to Israel. I think our relations with Israel have always been good. The episode when we had a communist regime should be quickly erased. This was the main aim of our visit—to learn about the situation in this complicated region. It is really not enough to read books and articles about it; you need to see it yourself. [passage omitted] The other aim was to tell people here about our country. [passage omitted]

The last thing is something more specific. For a long time, we found ourselves deadlocked as regards an agreement on the protection of investments; we signed agreements with a number of countries without any problems. However, there was a great problem here because of our different views on the repatriation of investment profits. Our negotiators had been unable to reach a consensus, and the matter really called for a decision to be made by two prime ministers—and we took it. We signed a joint communique, and the agreement can be signed soon.

And something even more important: We are interested in opposing protectionism anywhere in the world and are therefore offering free trade zones. [passage omitted]

I think we have managed to reach the joint conclusion with the Israeli side that Israel, too, is interested in creating such a zone between our country and Israel soon. This is also included in the joint communique that Prime Minister Rabin and I signed. [passage omitted]

Zhirinovskiy Predicts Republic's 'Speedy End'

LD0902101394 Berlin DDP/ADN in German 0803 GMT 9 Feb 94

[Text] Prague (DDP/ADN)—The leader of the extreme right-wing Russian Liberal Democratic Party, Vladimir Zhirinovskiy, has threatened retaliatory strikes against all countries that participate in the bombing of Serb positions. He regarded air strikes against Serbian cities

"just as if Russian cities were being bombed", Zhirinovskiy told the Prague-based newspaper LIDOVE NOVINY. "This would completely change Russian foreign policy," he said. If the bombings take place, all of those countries involved should be aware "that whatever they do to Serbian cities, the same will happen to their countries. Bombs will fall on the cities of those countries that bomb Serbian cities."

Zhirinovskiy confirmed that he had received an invitation from the extreme-right Czech Republicans. He would very much like to come, even though this would not be welcomed by all sides. Zhirinovskiy predicted that the Czech Republic would come to a speedy end. "Your country will be destroyed. I assure you that, in 10 years' time, neither Moravia nor the Sudetenland will exist. The Czechs will be forced to speak German, forget their native language, attend German churches, and polish the boots of German officers."

Trade, Economic Agreement Signed With Belarus

LD0802181294 Prague Radiozurnal Radio Network in Czech 1700 GMT 8 Feb 94

[Text] Vladimir Dlouhy, minister of industry and trade, and Uladzimir Radkevich, Belarusian Cabinet member and chairman of the State Committee for External Economic Relations, signed an agreement on trade and economic relations in Prague today. The document is designed to adapt trade and economic relations to the new political and economic conditions of the two countries. On the basis of the present agreement, more agreements could be signed—for example, on support and protection of investment or on prevention of double taxation.

Klaus Addresses Seminar on Economic Issues

AU0802175494 Prague LIDOVE NOVINY FINANCNI NOVINY in Czech 4 Feb 94 p 1

[Article by "(ol)": "A Battle for the Future Is Under Way"]

[Text] Prague—The Czech Government does not anticipate any dramatic breaches in the economy's development this year or any new and fundamental systemic measures. This statement was made by Prime Minister Vaclav Klaus yesterday at a seminar for senior enterprise managers.

According to him, there will be economic growth this year of some 2-3 percent. This should be confirmed by the results for the first quarter, which, of course, will be compared with the low figures for the first quarter of last year, a period immediately marked by the collapse of the federation. The government's aim is to establish the Czech Republic "for all time" in the world of single-figure inflation.

At the seminar, which was also attended by Finance Minister Ivan Kocarnik and a number of other government economists and enterprise representatives, Klaus expressed his concern about too-rapid wage increases, but he also assured businessmen that the wage regulation applied by the government this year will be moderate and mild. The issue involves, he explained later, ensuring that the current level and structure of wages and other costs are maintained. Given the current productivity of labor, infringing them could force Czech enterprises out of their markets, which is the experience of some West European countries.

In the opinion of the prime minister, an absolutely fundamental battle over the future nature of our economic system and societal arrangement is currently under way. The question is, he emphasized, whether there will really be a free society in our country, with a free market or a neosocialist system that would lead us into the same traps as the former communist regime. When someone regulates something, someone else is regulated, and we have had very bad experiences with this, he said. Immediately afterwards, he asked all those present to put pressure on the tendencies to excessively regulate the economic processes.

Klaus devoted a great deal of attention to the koruna's exchange rate. As he said, the koruna's long-term stable exchange rate is a key element of the entire transformation process and is a firm mooring for all of the other economic quantities. The transition to full convertibility, which, incidentally, has its own specific features in each country, is not, according to him, a short-term aim but, rather, a long- or medium-term one.

There is no reason for us to get rid of the fixed point in the form of the koruna's stable exchange rate now, emphasized the prime minister. He cited the need to maintain monetary and fiscal autonomy as another argument against the rapid implementation of full convertibility because the Western countries with whom we would be competing do not have to deal with the transformation tasks we are dealing with. The koruna's entry onto world markets could also lead to undesirable speculation in the Czech currency.

In another part of his speech, often punctured with English or German expressions, Klaus said that the era of rescuing enterprises via the state budget or the National Property Fund is coming to an end. As far as social policy is concerned, the government's aim, in particular, is to improve the specific targeting of all benefits.

When he was speaking about the government's endeavor to restrict the bureaucratic moloch, an individual burst of applause was heard in the almost full congress hall of the Palace of Culture, where the seminar was held. "I am glad that someone is happy," responded Vaclav Klaus.

Analysis of 1993 Foreign Trade Structure

AU0802151594 Prague CESKY DENIK in Czech
4 Feb 94 p 14

[Article by Gustav Krch: "The Structure of the Czech Republic's Foreign Trade and Its Changes During the Past Year"]

[Text] From the point of view of the commodity structure of the Czech Republic's exports, there was, according to the Czech Statistical Office, a 2.4-percent increase in the amount of plant and vehicles exported in 1993. This type of commodity represented 27.4 percent (101,980 million korunas [Kc]) of the overall volume. The percentage of industrial consumer goods also increased, by 0.5 percent. On the other hand, in the structure of exports, the percentage of food products declined by 1.8 percent and fuels and raw and processed materials by 1.1 percent. The Federal Republic of Germany was the largest importer of our goods; it imported 26.9 percent (Kc100,137 million) of the overall volume of our exports, which amounted to Kc372,301 million. In 1992, our exports to Germany amounted to only 4,321 million Czechoslovak korunas. Germany is followed by the Slovak Republic, with 20 percent, and Austria, with 6.2 percent. The fastest growth last year was recorded in exports to Egypt, China, and the United Kingdom.

The percentage of plant and vehicles imported was also different; however, it declined by 3.1 percent. Overall, the amount of plant and vehicles imported amounted to Kc131,297 million korunas, which is 35.8 percent. On the other hand, the amount of industrial consumer goods imported increased by 3.3 percent. The amount of food products imported was roughly the same as in 1992. The value of food products and live animals imported, expressed in an absolute figure, was Kc22,863 million—that is, 6.2 percent of overall imports, amounting to Kc366,359 million. Fuels and lubricants had an 11.4-percent share in Czech imports, and other raw materials had a 5.1-percent share. The Federal Republic of Germany is also our most important partner in the case of imports; some 25.1 percent of our imported goods come from there. It is followed by Slovakia (17.7 percent) and the former Soviet Union (11.5 percent). Imports from Canada, Hungary, and Taiwan increased most.

Dyba Says Low Wages Necessary for Competitiveness

AU0802153794 Duesseldorf HANDELSBLATT in German
8 Feb 94 p 8

[Article by "tio": "Minister Karel Dyba Wants To Stick to Low Wages"]

[Text] Prague, 7 February—"To remain internationally compatible, the Czech Republic must remain a low-wage country in the foreseeable future." This was stated by Czech Economics Minister Karel Dyba, who spoke to

German economic correspondents in Prague. Even though wages are rising in the Czech Republic, this development is slow.

"We cannot afford excessive wage increases," Dyba says. As a result of the reduction of real wages in Germany, which began in 1993 and will probably continue in 1994, the Czech economy already has a problem regarding international competition. Employers and the state agree on these connections.

When asked what the trade unions think about a virtual wage freeze in his country, Dyba said: "Trade unions? What is that?" Because of their communist past, the trade unions still have problems with being accepted by the people, he said.

The exchange rate of the koruna has been stable since the beginning of 1991. There are no problems of devaluation. In 1994, the inflation rate will clearly decrease from approximately 19 percent to below 10 percent. Furthermore, the inflation rate in 1993 was essentially influenced by the introduction of the new turnover tax. Dyba wants cooperation between German and Czech industry to intensify. A total of 30 percent of Czech exports go to Germany: "Therefore, I hope that the Germans and German industry are well," the minister said. In the meantime, more than 60 percent of the Czech GNP is produced by private economy, which did not exist at all four years ago.

Like Dyba, Richard Salzmann, director General of Komerční Banka, is in favor of promoting Czech exports. While Salzmann thinks that an export promotion program subsidized by the state is necessary, Dyba is rather in favor of private initiatives.

Salzmann said that the method of privatizing the former state-owned companies in the Czech Republic is very good; privatization is carried out in part via auctions or direct sales to private persons, often foreign investors, and in part via a so-called coupon system, in which any

Czech citizen can participate. The importance of the Stock Exchange in Prague, where the fund companies will also be listed, will increase quickly. The Stock Exchange started operating in June 1993.

Only Five Air Bases To Remain in Operation

AU0802154194 Prague LIDOVE NOVINY in Czech
4 Feb 94 p 12

[Article by "(gag)": "Five Air Bases Will Remain in the Czech Republic"]

[Text] Prague—Of the original 12 military airfields, nine are still in operation and four more will be closed down within two years as part of the Army's transformation. The location of the remaining five bases should be confirmed by the government in March. Caslav and Namest nad Oslavou (supersonic aircraft), Prerov (helicopters), Pardubice (training base), and Kbely (transportation base) will obviously be involved. According to Defense Ministry officials who attended a meeting with local mayors, the airfields' fate was determined by strategic-economic considerations and by the willingness of towns and communities to live in their proximity. Caslav is still putting up resistance, but, despite this, has not rid itself of the aircraft. "We will probably have to come to terms with this," adds Mayor P. Prochazka. "The soldiers are appealing for our understanding, and, of course, they have presented us with a fait accompli. How are we then supposed to convince citizens that the base is in the defense interests of the state?" Operations at military airfields that do not meet health standards should be legalized at the end of the year by a law incorporating health-care programs for citizens affected by air operations. It is envisaged that noise-protection zones, the frequency and periodicity of measuring noise levels around airfields, construction-free zones, and financial compensation to alleviate the consequences of air operations will also be determined.

Foreign Ministry on Sarajevo Market Attack

LD0802215094 Bratislava STV 1 Television Network in Slovak 1830 GMT 8 Feb 94

[Text] The Slovak Ministry of Foreign Affairs issued a statement today to a news agency on the criminal attack on the Sarajevo market. The statement notes:

The Ministry resolutely condemns such deliberate attacks, whichever of the warring countries in Bosnia-Herzegovina might be the culprit. The Ministry of Foreign Affairs of the Slovak Republic at the same time appeals to the UN secretary general and the Security Council to adopt more radical measures in cooperation with other international organizations and regional groupings for a speedy solution of the politically unbearable and inhuman situation on the territory of Bosnia-Herzegovina.

Budget Deficit Reaches Sk4.5 Billion in Jan

LD0802171794 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1100 GMT 8 Feb 94

[Text] The Slovak state budget deficit reached 4.5 billion Slovak korunas [Sk] in January 1994 and was caused by assistance given to the National Insurance Fund. This is what Julius Toth, minister of finance and deputy prime minister, told journalists during a break in the government's meeting today. According to Toth, Slovakia's imports from the Czech Republic are clearly specified, and Slovakia is linked to our western neighbor through

several commercial agreements and operations that cannot be abandoned merely because Slovakia is faced with temporary problems.

Toth ruled out [the introduction of] the import surcharge. However, he went on to say that the introduction of special checks on the borders [between the Czech Republic and Slovakia], as reported by TA SR [Slovak news agency], is being considered. In the first phase, these checks should concern only foodstuffs. In the second phase, they should cover all goods en bloc.

Government Approves Payments Accord With Czechs

LD0802225594 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 2030 GMT 8 Feb 94

[Text] At its meeting in Bratislava today, the government approved the draft addendum on the payments agreement between Slovakia and the Czech Republic and the draft agreement between the two countries on mutual payments of outstanding claims ensuing for the two republics from certain agreements following the end of the federation.

Deputy Prime Minister Sergej Kozlik said that, on the basis of these legislative amendments, the so-called old bloc should be abolished and a one-bloc clearing system of accounting should be introduced. According to Kozlik, there were no direct talks at the government session today about the Slovak budget deficit.

At a news conference, however, he said that the government had to grant 6 billion Slovak korunas from the state budget to commence independent activity of the National Insurance Company, which hugely increased the state budget revenues for January.

Mazowiecki Sees NATO Air Strikes Ending War
*LD0802222594 Warsaw TV Polonia Network in Polish
2000 GMT 8 Feb 94*

[Passages within quotation marks are recorded]

[Text] After returning from Geneva, Tadeusz Mazowiecki said that the UN Human Rights Commission, on account of differences of opinion, has not adopted a stance on the most recent events in Sarajevo.

[Mazowiecki] "This disagreement, this impossibility to agree some sort of joint stance, but one that is consistently implemented, of course encourages aggression, encourages the perpetration of transgressions of human rights with impunity."

In Mazowiecki's view, the very threat of air strikes would allow the war to be broken off. The leader of the Democratic Union does not think that NATO will decide to use force.

[Mazowiecki] "We are constantly having to deal with the situation whereby, if one thing is said in Brussels, the next day [pauses].... If the ministers say one thing, the next day the ambassadors of these same countries say something else, ameliorating it, changing it. This is indeed worthy of condemnation in this situation—the incapability of adopting a joint stance."

Delegation Member Views Poland's CE Role

*PM0902110494 Wroclaw SLOWO POLSKIE in Polish
31 Jan 94 p 14*

[Interview with Sejm Deputy Jacek Uczkiewicz, member of the Supreme Board of Social Democracy of the Polish Republic and delegate to the 45th Session of the Council of Europe Parliamentary Assembly, by correspondent Grazyna Zwolinska; place and date not given]

[Excerpts] *Last Friday saw the conclusion of the 45th Session of the Council of Europe [CE] Parliamentary Assembly. Among the members of the Polish delegation was Sejm Deputy Jacek Uczkiewicz, a member of the Supreme Board of Social Democracy of the Polish Republic [SdRP] and secretary to the Wroclaw Voivodship SdRP Executive Committee. He took part in the proceedings as assistant Assembly member. [passage omitted]*

[Zwolinska] The Polish delegation went to Strasbourg in an incomplete composition, did it not? The Democratic Union took umbrage and withdrew its participation....

[Uczkiewicz] I was present throughout all of the stages of completing the makeup of our delegation. Consequently, I am able to tell you that the reasons given by the Union in its official statement are not entirely correct. Judging from my observation of the behavior of the Democratic Union deputies, I would risk stating that they were predominantly motivated by the fact that our delegation as a whole refused to approve the recommendation of Hanna Suchocka to the function of deputy chairperson

to the Assembly. In the end, her place was taken by Tadeusz Iwinski, head of our delegation and representative of the Democratic Left Alliance [SLD].

[Zwolinska] What do you mean when you say "her place was taken"?

[Uczkiewicz] That was the result of a democratic vote. In any case, one of the Assembly's ruling principles is that the composition of any given state's delegation should faithfully reflect the political configuration of forces in that state's own parliamentary assembly. By boycotting the Assembly session, the Democratic Union expected to encourage the entire European Community to boycott the Polish delegation in turn. However, our delegation was received entirely normally by the Assembly, whereas the Democratic Union's move was interpreted as a gesture directed against the Assembly's principal idea.

[Zwolinska] Who interpreted it in that way?

[Uczkiewicz] The delegates gathered at the Assembly, headed by Miguel Martinez, who is currently chairman of the CE. He actually mentioned the subject of the vacant seats in the Polish delegation's composition during a meeting he had with us. He expressed a most critical opinion about the Union's position, which he saw as an expression of a failure to understand the democratic nature of the rules of the game. He deemed it regrettable that the Democratic Union attempted to play its internal games at the expense of the CE and its Assembly. [passage omitted]

[Zwolinska] Did the Polish delegation maintain a high profile in Strasbourg?

[Uczkiewicz] It was one of the most numerous and most active delegations there. Parliament members representing other countries generally agree that Poland can play an important role in the process of political expansion of Europe's borders and in the blurring of the distinction between East and West Europe. And it is worth remembering that the terminology based on this distinction is still widely used—even in CE documents.

[Zwolinska] Thank you for talking to us.

Pawlak on Coalition Situation, 'Partnership'

*WS0802141594 Warsaw Radio Zet in Polish
0715 GMT 8 Feb 94*

[Interview with Prime Minister Waldemar Pawlak by Andrzej Woyciechowski at the Radio Zet studio in Warsaw; from the "Guest of Radio Zet" program—live]

[Text] [Woyciechowski] Radio Zet's guest today is Prime Minister Waldemar Pawlak. Good morning to you.

[Pawlak] Good morning, ladies and gentlemen.

[Woyciechowski] Last night, you said on television that you had made a decision on Borowski's resignation.

Have you already signed the document, or will you sign it in the future? In other words, is the decision final?

[Pawlak] Of course, these procedural issues will take some time yet, but these decisions were made not so much because I wanted it so but because of declarations by the concerned persons themselves. I think that the way it is in politics is that sometimes one knows another politician very well on a personal level, and we are colleagues in that regard, but when it comes to the political arrangement, sometimes you have to take a different path than your colleague, and perhaps this is what happened in this case. I think this should not have a bearing on the future or on our mutual relationship, either on a personal level or on a political one. You simply must concentrate not just on procedural or personnel issues, but on specific problems. There are different positions from which one may approach solving these problems.

[Woyciechowski] A decision on a deputy prime minister's resignation—is that the kind of decision the prime minister consults the president about?

[Pawlak, hesitating] Of course, one could think of a number of different formal obstacles, but I do not think that is the case here. As far as constitutional provisions are concerned, the prime minister submits a motion to the president, who signs it. Naturally, he does not have to sign it; such cases have occurred under the previous cabinet, but I think it will not happen in this case.

[Woyciechowski] And now let us talk for a while about Borowski's successor. This will be decided within the next few days. How will it happen? Will the Democratic Left Alliance [SLD] or Kwasniewski suggest a candidate whom he will select himself and you will then approve automatically, or do you intend to select a candidate from among several options? In a word, who will select Borowski's successor—you or the SLD?

[Pawlak] We will talk about that. I cannot say at this point what will happen, but I do not think the decision will be made by a single person or by just one side. We will talk about that together [with the SLD]. I just want to strongly emphasize that the post and the whole area of issues was reserved for the SLD under the coalition agreement we signed last year, and I think we will follow that provision.

[Woyciechowski] Does that mean that you will approve of any candidate suggested by the SLD?

[Pawlak] We will talk about that. I think both we and they are eager to see a candidate who is well prepared, who is an expert on financial issues and on economic policies. In that case, such a person has a big chance to be selected for the post.

[Woyciechowski] Last night, the SLD leaders said they already have a good candidate, but they cannot reveal his name yet. Are you, Mr. Prime Minister, familiar with the name?

[Pawlak] Well, I have not heard about that, either, so let us wait patiently for a while longer.

[Woyciechowski] Borowski had two posts: deputy prime minister and finance minister. Will these continue to be performed by a single person, or will you separate the two posts?

[Pawlak] I really think that to go into detail too much is a little premature right now. We will talk about that issue within the coalition, and then I think we will make a final decision.

[Woyciechowski] Will these talks take place tonight?

[Pawlak] Yes, talks between the coalition partners are scheduled to take place tonight, and I think we will discuss specific issues then. I would like to turn your attention to the fact that this is not a procedural or personnel problem but one linked to divisions or different approaches to the reforms. These divisions or approaches exist within the two parties themselves. It used to be quite simple. All you had to do was speak out in favor of this or that kind of political regime, and this enabled you to become the guardian of the holy fire. But today, when everyone is in favor of democracy and the free market, it is no longer the case that you have just one party or one individual who guarantees that the reforms will not deviate from the right path. The direction of our reforms was approved by the entire society. The quality and rate of these changes—that remains an open issue. The first issue is the manner in which we reach the goal of a market economy, and these issues are discussed not only between the parties but also within the parties. That can be seen from what happened yesterday. This can be seen in both the SLD and the Polish Peasant Party [PSL]. I think this is the main and fundamental problem we are facing now in the entire parliament.

[Woyciechowski] So, if I understand correctly, the issue is not about personnel changes but more about changes in economic policies. Will Poland's economic policies be changed with Borowski's departure?

[Pawlak] I would like to turn your attention to the fact that the fundamental elements—that is to say, the issue of financial discipline and the degree to which the budget is realistic—are equally....[Pawlak pauses] We all attach equal importance to these issues because they determine the degree to which our measures are realistic. But different aspects may receive different degrees of attention; the main investment directions may receive a different kind of attention. Apart from the strictly financial or budget-related issues, attention must also be paid to the budget's impact on both companies and big social groups.

[Woyciechowski] Mr. Prime Minister, now the last of the rumors that have been appearing in the papers recently. A few of the dailies write about that today: Do you take into account the possibility of a resignation by Minister [and chief of the Office of the Council of Ministers] Strak?

[Pawlak] Perhaps once he offers his resignation. So far he has not resigned.

[Woyciechowski] So, in other words, it does not look like he is going anywhere. Now, a somewhat more serious question: Is there an alternative to the current coalition?

[Pawlak] I think the election results and the current parliamentary configuration are responsible for the fact that we must first look for solutions within the current coalition. I can see that kind of will and readiness to act in both the PSL and the SLD. Of course, we cannot find solutions quickly and easily to all of the issues, but the essence of politics is about looking for compromise solutions; it is not a zero-balance game, where, if one wins, the other party must lose completely. The situation we have is such that, as long as we can come up with an acceptable compromise and an agreement, we gain much more in total than in situations where we would decide to butt our heads together. I think that, while looking for specific solutions, we will definitely move ahead much faster than by focusing on procedural issues only. These issues of procedure and organization-management are important, but they do not constitute a topic for public debate because they are the internal business of the various organizations and structures.

[Woyciechowski] That was an extremely diplomatic response. What you really meant was: No, there is no alternative. But you began the sentence with the phrase "we must first look for solutions." When one talks about something being first, that means there is something second as well, that there is another some kind of....

[Pawlak, interrupting] You [addressing Woyciechowski] are always able to read my mind perfectly and then interpret what I want to say in your own way. I think I will not disturb the harmony you just introduced.

[Woyciechowski] But the question is: Is there an alternative to the current coalition? I mean not as of today but perhaps in six months. Or perhaps there is no alternative arithmetically speaking, or in terms of party programs, and so the coalition must continue in its current shape?

[Pawlak] I think for the coalition to continue is the most likely solution for right now, and I think one should focus on that, without looking for some kind of strange or exotic solutions.

[Woyciechowski] When you say exotic solutions, you are certainly making an allusion to what the press has also been writing about for a few days now: the possibility of a coalition among the PSL, the Confederation for an Independent Poland [KPN], part of the All-Polish Trade Unions Agreement [OPZZ], and the Nonparty Bloc in Support of Reforms [BBWR]. Is my understanding correct here?

[Pawlak] Well, on that issue, unfortunately you [addressing Woyciechowski and laughing] are abusing your rights here by describing these issues according to

your own criteria. By the same token, one could say that some offers made by the Democratic Union [UD] addressed to the SLD may seem surprising, in particular because there was a time when declarations were made [by UD] in no uncertain terms that there would be no agreement, period. But, as you can see, overcoming prejudices is possible even between the two parties, and I think it is the right thing to do since it is about time to put an end to historical divisions, and it is time to start talking about the problems. I think that, when one looks at the current situation, amidst all the emotions linked to all of the personnel issues, what struck me was that so little attention was paid to such an important event as the treaty of association with the EEC, which became effective on 1 February; the signing of the "Partnership for Peace" that took place on 2 February; or even the processes that are taking place here in Poland—I mean the issue of talks between the government and employers on one hand, and trade unions on the other. These talks are conducted by Deputy Prime Minister Cimoszewicz and [Labor] Minister Leszek Miller. During these talks, such issues are debated as the economic system's fundamental parameters and also the parameters of the program we will implement in the near future and in the following years. There was little talk, for instance, about yesterday's meeting between [Industry and Trade] Minister Pol and the miners trade unions. I think these—at least the last two cases I mentioned—are the kinds of events that determine our ability to conduct talks together and look for solutions. We talk in a peaceful manner and not through various kinds of protests or street demonstrations. These are also factors shaping our reality today. I think we should make a joint effort so that journalists not only focus on easily visible sensations but devote at least a little of their time to significant and serious problems. Perhaps these do not provide as many emotions as....

[Woyciechowski, interrupting] As the case of [recently dismissed Deputy Finance Minister] Kawalec or of Bank Slaski?

[Pawlak] Or as some cases of ice skating and broken legs [not further identified]. But these problems are certainly important, and we must maintain the right proportions or else what we have then is the impression that, practically speaking, life at the top is just made up of nothing but sensations, and those processes that provide fewer emotions and occupy more time of the people concerned—these are almost completely ignored. That is also a comment against the background of debates or criticism concerning the Cabinet's information policies. I think that to talk about information policies is quite ridiculous to begin with. That is because I do not think the point is for the government to organize a press conference every now and then and to tell stories. If there are no stories to tell, then, even if the government holds a press conference every three hours, there will be no one to write or talk about it or to present it on television. Information policies are about creating such facts and about focusing attention on such processes, which are

important from the standpoint of society and the state, and, in that case, I think that even if someone has bad faith, he simply cannot ignore such issues.

[Woyciechowski] After such an introduction, I must ask you a very serious question. I will therefore ask you about the budget. The Council of Ministers will decide today on the final shape of the budget. Are Minister Kolodziejczyk and Minister Miller going to get more money?

[Pawlak] Some corrections are envisioned in the budget. They are the result of the possibility of shifts among various budget items. They amount to a pretty considerable sum—approximately 5.5 trillion zlotys. However, there are also proposals and suggestions on the part of the committees that do not correspond to real revenues. Therefore, in this situation, these proposals are difficult to put into effect. The budget must be based on reality. One cannot plan expenditures as one wishes. I think that the government has gone to great lengths to maximize the revenues and to optimize the expenditures as much as possible. Now, this is an interesting paradox: On the one hand, we are criticized that this budget is stretched too tight, and, on the other, we are criticized that it has not used up all of the reserves and all of the possibilities. I think this really shows that we have managed to find a solution that may not be unique, but that is one of the solutions that can be implemented and that resolves the most fundamental problems.

[Woyciechowski] This means that this budget will stay as it is? This means that there will be no major change in the budget? Will there be only cosmetic changes?

[Pawlak] We are all responsible for the solutions that are in the budget. It is not that one person or one party is the guarantee of stability and responsibility. We all have this feeling of both responsibility and reality. Now, as I say, this budget is not the only... [Pawlak pauses] It definitely is not the best possible budget. However, it is one of the solutions that can really be implemented and that definitely resolves a few problems, such as the problem of lowest retirement and disability pensions. These solutions were decided on as early as December of last year. Also the issues related to mining. We can definitely say that the Ministry of Industry concentrated on resolving the problems of mining in such a way as to avoid group layoffs; it also does not want mines to be closed down en masse. The ministry sees to it that these processes are implemented smoothly and gently. If a mine is running out of its underground deposits and must be closed down, the people working there do not lose their jobs; they are moved to other mines. These are examples of very concrete solutions that can be achieved even with the small amount of financial resources we have at our disposal. They can be achieved if these resources are concentrated on the areas that must be dealt with most urgently.

[Woyciechowski] For a few days now, Poland has been a partner of NATO. It has been a partner for peace. Also

for a few days, NATO generals have been wondering whether the Serb positions in Sarajevo should be bombarded. Is Poland consulted about such a NATO decision? Has anyone tried to consult you about this problem? Has anyone asked about your opinion on this matter?

[Pawlak] There have been no such consultations with me yet. There have not been such consultations on a government level. If my evaluation of this situation is correct, I get the impression that these are independent decisions of NATO. However, if we take a look at the UN Security Council, differences of opinion are quite noticeable there, and it is not at all certain whether this particular solution will be put into effect. Yugoslavia is an example of a very painful and tragic situation, where the elements of hatred have led to a situation where probably hardly anyone remembers what exactly started this conflict, whereas this destructive war is going on. This war is not of a linear nature—that is, where there is a front line, on both sides of which there are the two parties. It is of an area nature: These communities have mixed with one another for a few dozen years, and now it is difficult to find a way to separate or reconcile these fighting parties. First, they should try to find a solution themselves. Outside intervention in these processes will certainly not yield a peaceful solution. I believe that various ideas and solutions are possible here. I think this depends mainly on the inhabitants of Yugoslavia; it depends on whether they are able to speak to each other peacefully.

[Woyciechowski] When is Poland going to negotiate the details of its partnership in NATO? When will we decide whether we should place a platoon, a company, or many divisions at the disposal of NATO?

[Pawlak] We spoke about this when this document was being signed. I think that, generally speaking, we should focus on those activities that do not entail any great financial resources. Neither side has too many superfluous resources that could be earmarked for these processes. Therefore, most efforts will probably be concentrated on the elements that are crucial as far as the possibilities of cooperation are concerned, such as the systems of information exchange and compatibility of managing these complex organisms. Then, regardless of equipment differences, it will be possible for us to act jointly and to cooperate....

[Woyciechowski, interrupting] That means slowly and quietly?

[Pawlak] I think that many things can be done in this area with the resources that we have right now at the disposal of the Ministry of National Defense [MON], on condition that they are spent on establishing such procedures and solutions that are compatible and that would let us cooperate with our NATO partners.

[Woyciechowski] When will you sign the appointments of deputy ministers in the three presidential ministries? Will you sign them at all? Has the decision been made yet?

[Pawlak] Well, you know, as far as the presidential ministries are concerned, I can say that I have signed a few appointments. These were not appointments that were not discussed and agreed to at the political summit. There were earlier agreements. As it turns out, they are not always satisfactory in this broad political dimension; however, it is a more remote issue, and I think we will be able to find a solution that is satisfactory to all of our partners. Nevertheless, this must be done in such a way as to focus on certain issues; therefore, we should seek people who would resolve very concrete and important problems; we should not focus on some symbolic ambitions—that this or that politician must for a while be in the Ministry of National Defense, the Ministry of Internal Affairs, or the Ministry of Foreign Affairs because this would fit the political bouquet. Now, returning to issues related to the Partnership for Peace for a while, I would like to stress that, since the meeting in Prague, we have been very consistently proposing a slightly different concept: partnership for development. I must say that this proposal has been very favorably received in the West. I believe that it would be good if we worked on this concept in our country as well, in order to be able to use the opportunities that are emerging in all directions; we should also seek partners in those places where our offers are answered positively. Now, if we implement the partnership for development—that is, if we extend the areas of cooperation, especially the areas of economic cooperation, as well as cultural and political cooperation—this will provide a permanent basis for the Partnership for Peace and for enhancing our international security.

[Woyciechowski] Let us revert to internal affairs for a while. You are meeting with SLD politicians, including Kwasniewski, this evening. Will everything be resolved tomorrow morning in the coalition? Do you think it will be easy to discuss all of the issues in a few hours? Do you think this will last long? What kind of attitude have you adopted before these talks—a very militant one or a slightly compromising one?

[Pawlak] Well, I believe we all really want to find the right solutions and resolve concrete problems because only then can we be certain about our political peace and about the political future. The experience of recent years and the political configurations in general have shown that peace in cabinets is not as important as the resolution of the problems that are crucial from the viewpoint of the people. This is the best evidence of the efficiency of politicians. I think that at this coalition meeting we will certainly seek solutions in the individual, personnel dimension; however, we will first discuss the strategic activities related to the program of the functioning of the government and the coalition; we will also try to point to areas that we should particularly focus on right now and areas where these resources should be used so that the best results can be achieved.

[Woyciechowski] What do such talks look like? How do you and Kwasniewski address each other? Are you very familiar with him, and do you call him by his first name?

[Pawlak] I think that the recent weeks have had a great advantage: All of us in the entire parliament were able to get to know one another. As far as large parts of the Deputies' Clubs are concerned, we know one another quite well, and we do not address each other by any titles; we are very straightforward. This is something I value very highly because, no matter whether we are in the government camp or in the opposition, we can speak to one another. This goes not only for the SLD, but also for all of the other groupings, such as UD, the BBWR, the KPN, the Union of Labor....

[Woyciechowski, interrupting] But how do you address Kwasniewski—by his first name?

[Pawlak] Yes, I do. It would be an exaggeration....

[Woyciechowski, interrupting] You are said to be a hard and obstinate politician. Now, could you say a few words about Kwasniewski's character? What adjectives would you use?

[Pawlak] Well, really, I can speak about myself. However, as for other people, I believe I should not do what is a journalist's job.

[Woyciechowski] Today you are not wearing the necktie you received from Kwasniewski, are you?

[Pawlak] Well, it so happens that it would not really go very well with this suit.

[Woyciechowski] Are you going to wear it one day?

[Pawlak] I suppose so. We will see what the tie is like. Perhaps it will be a lucky tie and a lucky solution. I think this also shows that politics can sometimes be taken not so seriously. However, in everyday life, probably hardly anyone realizes that the mental stress accompanying the decisions that have to be made is often enormous. It must also be remembered that such decisions require both great caution and the feeling of responsibility because they concern a lot of people. Here one simply cannot afford to make a mistake. As a rule, the decisions must be given a lot of thought; they must at once start positive processes.

[Woyciechowski] In other words, you have given a lot of thought to the recent decisions. On the day you signed Kawalec's resignation, did you know what would happen next? Was this scenario easy to predict? Or did you not know it at that time?

[Pawlak] It is certainly not possible to predict all of the consequences that a given decision may cause, and I do not think that...

[Woyciechowski, interrupting] But you did take such developments into account, did you not?

[Pawlak] I must frankly admit that I did not think there was such a danger; I also thought that the decisions that followed were neither necessary nor desirable. I think this affair could have been resolved in another way.

[Woyciechowski] Thank you very much for the interview.

[Pawlak] Thank you.

Daily Details 'Crisis' in PSL-SLD Coalition

WS0802143094 Warsaw RZECZPOSPOLITA in Polish
7 Feb 94 p 3

[Article by Bozena Wawrzewska: "PSL-SLD: Conflict or Prelude to Divorce?"]

[Text] Quite unexpectedly, and for what would seem like a minor reason, Poland's first political crisis since the September parliamentary elections has arisen. Regardless of how much politicians for both parties try to minimize the conflict in their public statements, a situation where a deputy prime minister responsible for the economy resigns in the midst of proceedings in the Sejm on the budget is certainly not a usual occurrence.

The introduction of Bank Slaski shares on the stock market, as a series of inconsiderate statements coming from Sejm deputies for the Polish Peasant Party's (PSL), a hurried search for the guilty parties (or, rather, a scapegoat), led to the dismissal of Deputy Finance Minister Stefan Kawalec. He heard about his dismissal on the radio. It is worth recalling that the dismissal followed Deputy Prime Minister Borowski's statement, where he took upon himself responsibility for the case of Bank Slaski in a way that, it should be admitted, was worthy of recognition. The crisis was slowly brewing, but not much could be said about its consequences. Things gathered momentum after the return of the prime minister from Brussels and Aleksander Kwasniewski from Davos. Some explanations were made but their contents were not revealed to the public completely. The Democratic Left Alliance [SLD] set some conditions for continued coalition cooperation. The prime minister refused to approve of the conditions. Deputy Prime Minister Borowski resigned. The prime minister failed to explain whether he accepts the resignation. Instead, he went to visit some fire brigade units.

Problems Despite Excess

It would seem that the current coalition is in the most luxurious situation possible. A huge and overwhelming advantage in the Sejm and the capability of enacting into law anything the government wants gave rise to assumptions concerning the current configuration's durability. But the crisis appeared rapidly and quite unexpectedly. It revealed differences that exist between the coalition members not only with regard to the understanding of some points contained in the joint program, but primarily with regard to philosophy and the way of ruling.

Differences in approach to the economy, which are big and clear, are probably not the basis of the current conflict. The recently introduced taxes, additional payments, subsidies for the Food Management Bank [Bank Gospodarki Żywnościowej] and other institutions linked

to rural areas give rise to suspicions that the PSL was successful in imposing on the coalition partner a lot of its own ideas concerning economic policies. Many moves by the government undertaken in recent months seem beneficial for rural areas and peasants. But the point is that decisions giving preference to just one professional group—farmers—are implemented at the expense of other groups. Protection of the obsolete Polish agricultural system makes food prices rise. That in turn has the most disastrous impact, first of all on the poorest and weakest—those who constitute the SLD's election clientele. Beyond any doubt, the PSL cares more for its electorate than the SLD when it comes to implementing election promises. The SLD tries to make it appear that nothing bad is happening. It talks about difficulties associated with the transitional period or about future implementation of election promises. TRYBUNA, which before the elections wrote about the dramatic situation of starving senior citizens, right now is using enigmatic phrases to describe the budget difficulties.

But these kinds of concessions to peasants must be cause for concern for some SLD politicians, especially given the fact that other pre-election declarations are not being implemented for now, either. The concordat, abortion, the participation of women in places of authority—these issues were very ostentatiously raised during the election campaign, but now their solution is being put off until the future. The SLD refuses to deal with difficult problems, ones that could give rise to conflicts.

The "Who Shall Be Better" Method

So the peasants noticed that they can force a lot on the coalition partner, which after all won the elections. The means to achieve this is a secondary issue. The first signal of this style of conducting politics took place even before the government was sworn in. Prime Minister Pawlak went to the Belweder with a slightly different list of ministerial candidates than what he had agreed upon with the coalition being formed. The attempt ended in failure. Principles of coalition cooperation were signed. Today, according to the SLD, these principles are being violated. Local governors are being replaced according to PSL criteria, and there are no consultations regarding some decisions. It looks as if the PSL wants to be smarter than its coalition partner. Or perhaps it wants to react the way it used to. Perhaps the heir to the United Peasant Party wants to show the heir to the Polish United Workers Party that there has been a reversal of roles. The peasant party will not be under anyone's heel, as it was in the times of the Polish Peoples' Republic.

That Must Offend the SLD

But what must really irritate it is the information policy of Waldemar Pawlak's Cabinet and his attempts to explain what is happening. The prime minister, always looking frightened, running from journalists and trying to get rid of them; Minister Strak, who is aggressive and not nice to press people; and Miss Wachowicz [press secretary to the prime minister], who keeps issuing

communiqués to the effect that she has nothing to say—all of these make up the picture of the Cabinet's information policy. But that is an information policy of the government, not just of the PSL. Such a trio cannot possibly arouse positive reactions, not just from the media but also from the coalition partners who, in some cases, are not without sin but who have many communicative politicians who have traveled to different countries and who like being in touch with the press. They also want the current team to come across in the public eye as an open, European-style government made up of social democrats.

That disharmony became visible again during the current crisis. The SLD has been holding press conferences and the leadership of its main party an urgent session; it explains its position to journalists. SLD members frequently appear on television.

But the PSL is quiet. It does not issue statements or declarations; it takes no position. Only once did we have [Deputy Sejm] Speaker Zych speaking on television and making an appeal to listen to what the prime minister has to say on the whole issue. But the point is that the prime minister gives no one a chance to listen to him.

It is hard to tell today whether this is a conflict that will pass and that is typical for any coalition's initial phase, or whether it is the prelude to a divorce. It is hard to tell whether the differences are surmountable and a consensus possible, or whether they are too deep and radical to be able to eliminate them. In the beginning, the whole issue was being minimized. Right now the SLD is trying to make it less radical. But many words were spoken and the breaking of the coalition agreement was mentioned, as well as the PSL's "buddy policies" and mistakes with regard to information policies. If the SLD, while using the argument of lack of an alternative to the coalition, tries to make the conflict less radical, if it encounters the PSL's harsh resistance and therefore decides to give up what has been described as "terminal conditions," the PSL will strengthen not only its position but also its style of ruling. The PSL will simply prove more efficient.

Walesa Countersigns Borowski's Resignation

LD0802194894 Warsaw PAP in Polish 1832 GMT
8 Feb 94

[Text] Warsaw, 8 Feb—President Lech Walesa today countersigned the resignation of Marek Borowski, the deputy prime minister and finance minister, Ewa Wachowicz, the prime minister's press secretary has reported.

Daily Views Reaction to Coalition Conflict

WS0802160094 Warsaw RZECZPOSPOLITA in Polish
8 Feb 94 pp 1-2

[Article by E. Cz., E.K., J.B.L., and Ma. S.: "Before the Coalition Summit: Prime Minister Pawlak Accepts Marek Borowski's Resignation"]

[Text] "Yes, I think Mr. Borowski's decision was made with deliberation and consideration, and it should be treated as such," said Prime Minister Waldemar Pawlak in a television interview in reply to the question of whether he would accept the resignation of Deputy Prime Minister Borowski. "I am prepared for a compromise," commented Aleksander Kwasniewski on the prime minister's statement. "I believe that the prime minister's statement offers a chance for such a compromise. We will talk."

The meeting of the coalition, which has been planned for a few days now, will be held this evening. The leadership of the Polish Peasant Party [PSL], which held a session yesterday, gave definite support to the prime minister.

The leaders of the Democratic Left Alliance [SLD] publicly and personally forwarded several invitations to talks on the government conflict to Prime Minister Pawlak. They did not want to comment on the fact that, since Saturday [5 February], the prime minister has failed to devote a couple of hours to such a meeting. They did not have an agreed opinion on how internal PSL conflicts affect the personality of the prime minister and to what extent decisions of the SLD leadership will be binding on his behavior. However, the dominant opinion in the SLD faction was that, in the current economic situation, neither side intends to risk another early parliamentary election, and the conflict has to be settled by Wednesday.

A private conversation between Kwasniewski and Pawlak alone will resolve the problem. According to unofficial information, such a meeting had to take place before the Monday meeting of the PSL leadership. Kwasniewski had said at a previous meeting of the All-Polish Trade Unions Agreement Council [OPZZ] that he would try to persuade the prime minister to not accept Marek Borowski's resignation. He had also mentioned the possibility of achieving a compromise.

As we were told in the faction, in case a timely agreement was not reached, the only obscure issue could be the behavior of the president, who had thus far kept silent but who could also appear in Warsaw at any time, convene the government, and join the game.

He is entitled to do this by Paragraph 2 of Article 38 of the Small Constitution, which reads: In matters of exceptional importance to the state, the president can convene and preside over a meeting of the Council of Ministers.

During Saturday's meeting of the leaders of the Social Democracy of the Polish Republic [SdRP], one of the left-wing politicians stated that the entire conflict actually resolved itself into a reply to the question of how to manage the government efficiently. This quite deceitful formulation originated from the reluctance to tease the partner's ambition anew. However, a reply to this question is essential, and Deputy Prime Minister Borowski's resignation was a tactical game that sooner or later will force the leaders of the coalition to discuss the essence of this matter.

PSL: To Survive, Not To Yield to Domination

Retain the coalition, accept Borowski's resignation (that is, decline his demands), and not be dominated or incapacitated by the SLD—this is what members of the Chief Executive Committee and the Chief Council advised the prime minister to do on Monday night. Opinions on the crisis and the methods for settling it seem to have been very concurrent among the leadership.

Following an hour-and-a-half-long meeting closed to the press, Prime Minister Pawlak and Minister Strak left by the underground garage, avoiding journalists. Vice Chairman Stefaniuk said that the PSL did not see any danger to the longevity of the coalition, nor did the PSL threaten the coalition in any way. In Jozef Zych's opinion, the SdRP resolution adopted on Sunday "creates the basis for an optimistic view of cooperation with the PSL."

Zych stressed carefully that the PSL will not get involved in the government matters to which he ascribed Borowski's resignation and his demands. Meanwhile, the problem of the coalition or the PSL also includes the establishment of principles in the economic, social, and staff policy. "This coalition was born in a difficult situation, and we must not allow some problem that I am convinced is not the most significant one to decide whether the coalition exists," said Zych.

The unanimous opinion prevailing among the PSL leadership is that the fact that Pawlak held back last week's outburst of the SLD's dissatisfaction, even at the cost of losing some supporters among his constituents, is positive. Had the prime minister applied the same weapon—toughness—and presented his own blatant version of developments, had he listed the points of the agreement that the SLD failed to execute, the coalition would not have been able to meet in its current composition. These points include, for example, Leszek Miller's demands to amend the budget ("Does the prime minister have to discipline the number two person in SLD?") and the OPZZ's draft law on repealing taxes on excessive wage increases submitted in early December.

Borowski's resignation is perceived within PSL circles as a tactical maneuver aimed at scoring some propaganda success for the sake of the SLD and thus aimed at taking success away from the PSL and the prime minister, who is Kwasniewski's potential competitor in the presidential race. Activists for the peasant movement are saying that the dismissal of Kawalec had been agreed upon by leaders for both parties two weeks before he was dismissed by the prime minister. Pawlak dismissed Kawalec because he waited in vain for a decision by Borowski.

The conflict inside the coalition did not have an impact on increasing tensions within the PSL. On the contrary, Chairman Pawlak's opponents inside the party expressed their unanimous support for him.

Prime Minister's Methods

Depending on the situation, Prime Minister Waldemar Pawlak applies two methods alternately (sometimes simultaneously): silence and disappearance. The most recent case (before the PSL authorities held a session) of the prime minister appearing in public was at 1400 on Friday. From what he said at the time, it could not be concluded that he intends to reject the conditions set by the coalition partner.

After that, he was simply unavailable, and not only to journalists. On Saturday evening, Aleksander Kwasniewski, while commenting on reports that the prime minister went to meet with fire brigade members, said with malice that he does not think the situation amounted to a trouble spot yet.

One of the SLD leaders, who expressed his irritation while responding to a question on how it feels to talk to the prime minister, said Pawlak is a black box: You talk to him and there is no response. You do not know what he thinks because he does not reply; he does not even show on his face whether he even hears you. As can be concluded from statements by members of the Cabinet, the prime minister's silence is his usual style and not just a mask he puts on for journalists.

So far, both methods have proved effective. The net result is that it is the coalition members who get anxious and nervous; they keep looking for the prime minister, and they wait for a message from him. And he, having failed to make any declarations, has all of the possible paths open in front of him, and he keeps gaining time, which he needs if only to think things through.

The Consequences of That

It is the SLD politicians who made efforts to clear up the conflict as soon as possible and to hold a meeting among the coalition members. But Prime Minister Pawlak announced as early as Friday that negotiations within the coalition would take place on Tuesday. He was right.

The SLD made it possible for it to be maneuvered into the position of someone trying to obtain something. This was determined first of all by the situation arrangement and not by mistakes by SLD leaders, at least at the point when the conflict became publicly apparent.

Waldemar Pawlak is the prime minister. He can continue to be the government's chief, even if the SLD ministers leave. It would be a minority cabinet then, even if Sejm deputies for the Nonparty Bloc in Support of Reforms and the Confederation for an Independent Poland joined in. It seems that, at least for the moment, that is the only possibility with this parliament. The Union of Labor stresses its similarities with the PSL in terms of party programs but not with such a minority arrangement. A government with neither the SLD nor the Democratic Union must be condemned to the Belweder's support. The prime minister's dependence on the president and his minister of state would then

increase along with the term of office of the minority cabinet. Then Waldemar Pawlak, instead of strengthening his position (which is most probably what he is after right now), would be strongly dependent on another power center.

Speaking during a television interview, in which he reported that he will accept the resignation of Deputy Prime Minister Borowski, Prime Minister Waldemar Pawlak expressed his conviction that the coalition continues to function.

"Every one of us, while making a decision, should consider its consequences very carefully. We have opportunities to work for Poland in different posts," he said.

According to the prime minister, the dispute is not about procedural issues but about an answer to the question: Are we going on, down the road of a simple, liberal continuation, or will we be creating a prosocial policy that would be open to the needs of the economy but also to those of society? Speaking on the topic of differences in approaching the budget, he admitted that a budget does not necessarily have to be a convenient formula that can be easily summed up on paper. But what it must do is meet society's expectations. But the government will not present a new draft budget because it bears full responsibility for what it already submitted. He said the budget is based on the real situation and that it is implementable.

"We have an excellent candidate for the post (occupied by Marek Borowski). He is a member of our party, but I cannot reveal his name before I talk to the prime minister," Kwasniewski told REUTERS late last night. The information was denied by Zbigniew Siemiatkowski of the SLD.

Kwasniewski: Little Chance of an Accord

LD0802231094 Warsaw TV Polonia Network in Polish
2000 GMT 8 Feb 94

[From the "Panorama" program]

[Text] There is little chance of an accord, Aleksander Kwasniewski, leader of the Democratic Left Alliance [SLD] said after meeting with Prime Minister Waldemar Pawlak and before talks between the SLD and the Polish Peasant Party (PSL). The coalition politicians met at the government hotel at Parkowa Street in Warsaw. Wojciech Nomejko reports:

[Nomejko] The coalition meeting was preceded by a private talk between Prime Minister Waldemar Pawlak and SLD leader Aleksander Kwasniewski. It took place at the office of the Council of Ministers and lasted for over an hour. After 1900 [1800 GMT], coalition politicians began arriving at the URM hotel on Parkowa Street. Just before 2000, those gathered there were joined by Prime Minister Waldemar Pawlak and Aleksander

Kwasniewski. The leader of the Left said that the coalition still exists and that the talks will be long and difficult.

PSL-SLD Talks End

LD0802225094 Warsaw Third Program Radio Network
in Polish 2200 GMT 8 Feb 94

[Text] We go over to Monika Olejnik, who is at the government hotel on Parkowa Street:

[Olejnik] The talks between the Polish Peasant Party [PSL] and the Democratic Left Alliance [SLD] have just ended, and a communique was read to us. It states that Poland needs economic development, an improvement in people's living standards, political stabilization, and a credible position in the world. The SLD and the PSL confirm this aim and express conviction as to the need for joint actions for its implementation. The PSL and the SLD adopt the principle of solid support for the draft budget presented by the government.

After discussing the resignation of Deputy Premier Marek Borowski and the circumstances accompanying it, the representatives of the SLD and the PSL express recognition of his knowledge, competence, and activism; they confirm that the SLD will present a candidature for the vacant post, in accordance with the coalition agreement, that together with its appendixes remains fully applicable.

The PSL and SLD leaders told journalists after the meeting that the coalition between the PSL and the SLD still exists. Marek Borowski told us that he knows the candidacy of the person who should take over the post of deputy prime minister and minister of finance in his place, but he will not reveal his name to us.

More on PSL-SLD Agreement

AU0902140094 Warsaw GAZETA WYBORCZA in
Polish 9 Feb 94 p 1

[Article by Agata Nowakowska and Dominika Wielowieyska: "The Coalition by Night"]

[Text] Yesterday, at 2300, the PSL [Polish Peasant Party] and the SLD [Democratic Left Alliance] unexpectedly announced that the dispute between them was over. They want to remain in the coalition together until the end of the Sejm's term of office. They will be united in supporting the budget.

The leaders of both parties said that compromise was about "returning to the coalition agreement and reminding themselves of why the coalition was formed." It was formed "to promote Poland's development."

The prime minister and the leader of the SLD thanked [SLD official Marek] Borowski and stressed his knowledge and ability. "However," said Sejm Marshal Oleksy, "the prime minister is determined, and there is no question of Borowski's returning [as finance minister]."

Will the government pursue a less liberal economic policy course now that Borowski is gone? The prime minister's reply was: "This government's policies were not a continuation anyway. We have endeavored to pay more attention to the needs of the poorest."

At 2000, before the talks began, SLD leader Aleksander Kwasniewski said that "there is little prospect of reaching agreement." However, by 2300, during a break in the coalition talks, everyone appeared to be in excellent spirits. Kwasniewski and Pawlak shook hands from time to time. They invited journalists to have a glass of wine or vodka. Then they went off to continue their discussions.

PSL Deputy Franciszek Stefaniuk said: "It is better to conduct a love affair directly instead of by letter. The same applies to the coalition. It is better to conduct direct talks rather than to conduct them through the media."

The president, who is resting in the mountains, signed Borowski's resignation in the late afternoon. "I am in favor of presidential government," he commented. Walesa speaks to the prime minister on the telephone "almost daily." "I am in complete control," he added, raising one of his ski poles.

What Will the Budget Be Like?

Speaking on Warsaw's ZET radio station yesterday evening, the prime minister gave assurances that there would be no general change of course with respect to economic policy. The government will not increase the budget deficit now that Borowski is gone. Yesterday the government had still not finished discussing Sejm commission proposals that would involve 50 amendments to the draft budget. We learned unofficially that ministers had agreed to transfer money (about 4 to 5 trillion zlotys [Z]) from some areas of the budget to agriculture and social welfare, above all. They have not, however, increased the budget deficit, as the prime minister, among others, opposed that. The government rejected demands from the Agricultural Commission for a further Z10 trillion.

Is Chmielak Weaker?

The coalition has decided but has not revealed who will replace the "politically deceased," as Kwasniewski quipped about Borowski. We have learned that two candidates have paid visits to the prime minister—the 46-year-old Henryk Chmielak, who was a PSL rival candidate to Borowski when the coalition was being formed, and Ireneusz Sekula, the head of the Main Customs Office. The former seems the more likely candidate because some people are of the opinion that "people who belonged to the old system, like Sekula," should not receive such appointments.

Other names that are being mentioned by journalists are Professor Grzegorz Kolodka (who turned down the post in October); Wladyslaw Baka, the former head of the

National Bank of Poland and a member of the Polish United Workers Party from 1958 until the end; and Cezary Stypulowski, the president of Handlowy Bank S.A.

There is speculation that Pawlak is seeking to weaken the post of finance minister, who has held a key role in previous governments. According to unconfirmed reports, the SLD wants Wieslaw Kaczmarek, the current minister of ownership transformations, to become the deputy minister with responsibility for economic affairs.

The Fears of Businessmen

"Every day we receive telephone calls from abroad asking us what we think. We do not want to paint too gloomy a picture of the situation, but, at the same time, the situation does not give us a basis for painting a bright picture," says Witold Michalek, of the Business Center Club.

Borowski To Remain in Post Until Released

LD0902130094 Warsaw Radio Warszawa Network in Polish 1105 GMT 9 Feb 94

[Text] I shall continue in my post until I am released in writing by the president in accordance with the Constitution, Marek Borowski said today in an interview for the Polish Radio Third Program.

[Begin Borowski recording] My resignation is final. The objective of the meeting of the government coalition yesterday was not to negotiate the matter but to explain the problem to one another and to think about what to do next so that problems like this will not arise in the future, as well as to part without anger. I think we have succeeded in doing this. I shall stay on in the post until I am released in writing by the president in accordance with the Constitution. [end recording]

SLD Spokesman: President Gains in Crisis

LD0902102894 Warsaw PAP in Polish 0947 GMT 9 Feb 94

[Text] Warsaw, 9 Feb—According to Zbigniew Siemiatkowski, the SLD [Democratic Left Alliance] spokesman, the last-moment involvement of the president in the coalition crisis proves that if anyone has gained anything at all by the crisis, it was the president.

"The president has immediately taken the opportunity to point to the crisis in mutual relations within the coalition and also to the imperfection of the constitutional solutions," Siemiatkowski said today on Radio ESKA.

According to the Alliance spokesman, "the president returned to his idea of a strong presidency, which proves that the coalition crisis had been watched closely."

Sejm Speaker Says Coalition Crisis Resolved

LD0902125594 Warsaw Radio Warszawa Network in Polish 1105 GMT 9 Feb 94

[Text] Yesterday's agreement between the Polish Peasant Party [PSL] and the Democratic Left Alliance [SLD] could have been reached earlier, we were told by Sejm Speaker Jozef Oleksy today.

[Begin Oleksy recording] I am greatly relieved by the successful and final conclusion of the talks. When it comes to the matters that aroused speculations and various rumors outside the coalition, the talks have put an end to the state of an alleged crisis, or perhaps not even an alleged crisis. They have put an end to the real and existing conflict, which was interpreted by the mass media almost as a breakdown of the coalition, or as the partners parting their ways because of internal difficulties impossible to overcome.

My feeling of relief comes from the fact that the will to continue the strategic cooperation was firmly reiterated yesterday not because of the lack of an alternative but because all of the elements that constitute the program credo and take into account Poland's needs, underlining the foundations of the coalition, were reconfirmed. [end recording]

Central Bank Governor on Budget, Recovery

BR0902091194 Brussels L'ECHO in French
8 Feb 94 p 2

[Interview with Hanna Gronkiewicz-Walc, governor of the Polish Central Bank, by Francoise Delstanche; place and date not given: "Continuity in Polish Budget Policy"]

[Text] With an economy in transition, Poland cannot count on the panoply of instruments used in the West to pursue its economic policy. What is more, as Hanna Gronkiewicz-Walc, governor of the Polish Central Bank, explained to us, monetary policy alone cannot overcome inflation, which, in Poland, is not purely a monetary phenomenon. This is a task her country can pride itself on carrying out successfully, she explained to us in an interview. It can do so despite the fact that, by European standards, the inflation rate of 37 percent obtained in 1993 is obviously still very high and despite the fact that she admits that the objective set—namely, to reduce this increase in prices to 23 percent at the end of the year—is still fairly ambitious.

You have to look at the starting point. Indeed, the increase in prices reached 2,000 percent in 1989 and 600 percent in 1990, dropping to 70 percent in 1991 and 44 percent in 1992. The trend is therefore a good one. And the little hiccup recorded at the end of last year should not be too much of a worry. For Hanna Gronkiewicz-Walc, this increase was caused by the expectations created following the change of government majority and by a fairly classic end-of-year phenomenon.

Moreover, the January figures confirm that there was no need to overdramatize the situation, the head of the issuing institute thinks. At 2 percent, the inflation rate corresponds to forecasts, which has convinced the National Bank that there was no need to increase interest rates.

Budget: Better Than Expected

However, inflation is only one of the criteria used by the IMF to judge whether pledges are being honored. Other factors, like the budget deficit or the foreign trade balance, are also closely followed by the institution.

Poland is about to receive a visit from an IMF mission, which is to assess last year's "standby" program and start negotiations with a view to reaching a new agreement that will cover one year or 15 months. Three years would be too long for an economy in transition, the governor of the Central Bank explained.

"We have fulfilled all of our pledges," Hanna Gronkiewicz-Walc said with satisfaction, adding that her country has not had to use the last installment of credit promised by the IMF for 1993. In the budgetary sphere, she added, the target has been exceeded because the deficit, set at 5 percent of the GDP, in the end did not exceed 3.5 percent.

This is logical. "We did not find sources of finance," she said, because the financial markets are still insufficiently developed. It is therefore the Central Bank that guarantees a large part of the budget deficit: 30 to 35 billion zlotys [Z] out of a deficit of Z83 billion.

As for the change of political majority, she notes that it has so far not brought any fundamental change to the budget strategy, although promises were made during the election campaign. There was no significant progress in social spending, Hanna Gronkiewicz-Walc said, at least no more than had been planned by the previous government. And she concluded that "the voters will be disappointed."

On the other hand, the trade balance is still incurably in the red, showing a deficit of more than \$2 billion last year. This despite the third devaluation (of 8 percent) in the zloty, introduced in August 1993, and the "crawling peg" policy, which, it is true, has been somewhat slowed down because of the reduction in inflation.

Despite that, the contributions of foreign capital have made it possible to increase the currency reserves by approximately \$200 million. Thus, at the end of last year, they totaled \$4 billion.

Refinancing the Banks

Although part of the IMF funds set aside for last year was not used, the same should not be the case in 1994. "I think it will be necessary," Hanna Gronkiewicz-Walc explained, adding that Prime Minister Waldemar

Pawlak is negotiating with the European Union the granting of a loan of some \$500 million to support the balance of payments.

As for the World Bank, the government intends to cancel some of its loans of a social nature. Others, however, like the loan (\$450 million) intended to help the bank recapitalization program, are highly appreciated in Warsaw.

The government is in fact engaged in a wide-ranging program to help public banks that are threatened by an accumulation of dubious credits to enterprises.

The program started last year and consists of helping the banks improve their balance sheets before privatization. In addition to support from the World Bank, this plan should also be funded by the money that had previously been intended for the zloty stabilization fund. This fund of \$600 million has never been used, and the Polish authorities requested that the money supplied by the Western countries for this purpose should be used to fund this program to help the banks; the request was granted.

The Polish authorities last year devoted, at the expense of the budget and the Central Bank, some Z11 billion to this initiative, which started in 1993. They are due to spend Z16 billion this year.

It is difficult to say whether that will suffice, the governor admits. But she notes that the dubious credits have nonetheless already been reduced.

The fact remains that, although the emergency measures have been conclusive, it is only in a few years' time that it will be possible to restore full health to these banks.

And that leaves the problem of the private banks (there are more than 70), which generally have very modest capital.

The Central Bank has already taken two fairly large ones under its protection. On the other hand, two cooperative banks and one private bank have gone into liquidation.

"It is called the hospital," Hanna Gronkiewicz-Walc explained, and she expects to take more institutions under her wing.

The intention is not to keep them but to resell them via the Stock Exchange. However, their accounts must first be balanced.

Because one of the problems of these private institutions is their small size, the Central Bank has already imposed a minimum capital of 5 million ECU's [European Currency Units] as against 1 million previously. But the government is also trying to negotiate with the European Union for permission to use some of the funding devoted to PHARE [Economic Reconstruction Aid for Poland and Hungary] to save these private institutions for which no program has so far been set up.

Five Jastrzebie Coal Mines Begin Strike

*LD0802202394 Warsaw TV Polonia Network in Polish
1830 GMT 8 Feb 94*

[Text] Strikes have begun in five of the seven collieries of the Jastrzebie Coal Company. The miners are mainly demanding pay raises. In the view of the strike committee of the Solidarity Mining and Power Generation Secretariat, if no agreement is reached with the government, the strike may spread to all enterprises of this branch.

Cosea Discusses Problems of Economic Reform

AU0702184294 Bucharest ROMANIA LIBERA in
Romanian 31 Jan 94 p 10

[Interview with Mircea Cosea, minister of state and chairman of the Council for Economic Coordination, Strategy, and Reform, by Gilda Lazar; place and date not given: "I Hope that the Coalition Government Will Also Include Representatives of the Opposition"]

[Text] When the politically independent economist Mircea Cosea agreed to become a member of the PDSR [Social Democracy Party of Romania] government and took over the chairmanship of the Council for Economic Coordination, Strategy, and Reform, some people thought he was compromising, while others thought he was sacrificing. One the one hand they said his move was not fair play with respect to his colleague [former council chairman] Misu Negritoiu, while on the other they said that Cosea's gesture had been made out of his loyalty to reform. Was it vanity and his wish to climb up the ladder, or rather taking on a burden he could not avoid? The various opinions were identical merely in two points, namely that Cosea's appointment will be beneficial for the party [the PDSR], and that the process initiated by Negritoiu will continue, as Cosea is the sole trully reform-oriented member of the Vacaroiu government. His predecessor's role as the father of the theory of reform and as a "decorative object" to cultivate the West's delight seemed to be concluded. Before accepting his appointment, Cosea asked, and they promised, that they would grant him, full decision-making power. Today, five months later, Cosea is only allowed to decide upon who should be hired as cleaning personnel in his ministry. In all other issues he solely "involves" himself. Although he acted as a rebel during cabinet meetings, he still managed to be on good terms with Prime Minister Nicolae Vacaroiu and with the other members of the cabinet, without being vehemently opposed, the way his predecessor, Negritoiu, was. However, recently he still found himself in a similar situation: They threatened to have him deposed. His position as the second man in the government seems to be too important and craved for by others.

Thus, Cosea was the first case to which the National Romanian Unity Party's [PUNR's] demands referred to: All ministers should be party members. The first compromise step was followed by a second [reference to the fact that Cosea recently joined the PSDR]. What was it this time? Was it feebleness, opportunism, or rather wisdom and readiness to assume the risks? Of course, he must have agreed with a certain reluctance and only after negotiations regarding, among other things, the leadership of State Property Fund [FPS]. But one should always watch out for the Trojan horse! One should always watch out for the PDSR, even if promised something. Cosea thought that, being inside that party, he could impose his point of view and forgot about the other side of the coin, namely about the party discipline that is valid for all party members, and which should be

obeyed particularly by the "greenhorns" and the "ordinary" members who hold no party office. He is allowed to express his opinions about economic issues while in Davos, Switzerland, but forbidden to express political views in Bucharest, Romania. His party boss, [PDSR Executive Chairman] Adrian Nastase, considers that [PDSR Deputy Chairman Ioan] Manzatu, for instance, is a far more authorized and experienced person to make such statements. Anyway, in the future it may be interesting to see just how far Cosea will go and how far the PDSR is prepared to go along with him.

"My Joining the Party Cannot Be Interpreted As an Adherence Coming From My Heart and Soul"

[Lazar] You have repeatedly stated that you were and would always be a politically independent person. However, recently you enrolled in the ruling party, saying that otherwise you could not put up with so much pressure. Do you think that you will be more powerful acting from within that party?

[Cosea] Yes, I believe that I will be more powerful acting from within the party, but I will not use it for personal purposes, but rather for the implementation of the action in which I have involved myself so much, namely the implementation of the accord concluded with IMF [International Monetary Fund]. That accord would eliminate the lag between Romanian reform and those in the neighboring countries, because that is the major discrepancy, not the one between the development stages of our economies. The balance of power in our parliament is very fragile. This spirit of revenge and the continuous political strife are quite tiresome for us, all those who are working on our economy. It has become an obsession that our reform is being blocked by either one of the opponent parties, and my position as a politically independent person has been looked upon with suspicion by the political groupings that do not seem to comprehend that, in the current stage of Romania's development, economy should be a unique issue for all political parties. That is why I reached the conclusion that I need very substantial political support, not merely to keep the reform going on while it is still hot, but also for me to achieve more strength for the struggle I wage in my relations with various structures. My joining the party cannot be interpreted as an adherence coming from my heart and soul. I am far too rational a person and too tired of this transition period to believe in enthusiasm and swaggering adhesion statements.

[Lazar] Did they request you to join the PDSR to keep your ministerial office?

[Cosea] The PDSR had lured me to join the government without naming any terms at that time, but rather by accepting the program and the ideas I was circulating publicly, as well as my whole activity, which did contest certain structures. Perhaps, the surprise some people experienced when I joined that party might have been attenuated had they considered the fact that the latest

measures, goals, economic forecasts, and even the short-term programs advanced recently by the PDSR are considerably different compared to those it proposed during the [1992] electoral campaign. The recent ones are much closer to what one could term "the spirit of reform," regardless of whether one wishes to admit it or not.

[Lazar] Did your keeping the office of chairman of the Reform Council weigh more in the balance than remaining a politically independent economist?

[Cosea] As you have already noted, after my experience with the Communist Party, I did assert that I would remain an independent person, although, to tell you frankly, none of the parties of today's Romania has a clear-cut ideology. On the other hand, very many intellectuals fully engaged in the implementation of reform feel the need to unite their efforts under a certain guardianship. The attempts to unite us within special professional groups, I am talking about the Romanian Society of Economy, have not satisfied that need, because we need political support in our struggle. Well, it seems that, today, our parties will only grant such support to their members. It is a pity that the main issue seems to be one's party membership rather than the fact that one is a promoter of reform.

"If They Do Not Sign the Accord With the IMF, My Offer To Resign Remains Valid"

[Lazar] A daily printed on yellow paper [reference to the daily CRONICA ROMANA] recently claimed that you might fall victim to the cabinet reshuffle because you threatened to resign too often. After the political move you have made [by joining the ruling party] the cabinet reshuffle will not affect you personally. However, is your assertion still valid, namely that you would resign if the accord concluded with the IMF is not signed by Romania?

[Cosea] Of course it remains valid and it can even be extended over other elements. You see, I am not just any government member, I am the chairman of the Reform Council. My whole concept related to the reform of Romania's economy is based on two principles: foreign financing and internal restructuring. This means that without foreign financing I would be unable to implement the reform and therefore, certainly, my offer to resign remains valid.

[Lazar] Our accord with the IMF could have become effective as early as December last year, or January, had the interests of our political parties not prevailed. Have you assessed the costs of those delays for Romania's economy?

[Cosea] I hoped very much that the accord would become effective rapidly. December might have been a utopia, but it ought to have been January. The reform is currently blocked owing to the lack of foreign assistance. Whether we like it or not, whether we so wish or not, the IMF represents the sole chance we have of making any

changes this year. It is impossible to evaluate the costs you mentioned, how much and so on. However, the delays can be measured. These delays mean great difficulty in the adjusting of our foreign currency policy, of our foreign currency reserve, and especially—this is a very grave thing—no funds are available from the World Bank.

[Lazar] How much money did we miss from the World Bank?

[Cosea] This year, the World Bank was to finance extremely important programs, such as the educational and agricultural programs, those intended to revive our oil industry, and so on. If one considers the losses caused by the blocking of the modernization of particular branches, an evaluation can be done and its results are certainly very serious. However, I would like to avoid being too pessimistic and I do not want to dishearten your readers either. Not all time has been wasted yet. If we can resort to foreign financing by the middle of March, at the latest, we will still have real chances of implementing those programs. However, this presupposes that, before that, all political interests and relations should be cleared up among the parties and that parliament passes the [IMF] memorandum. Under such circumstances, I think I have made it quite obvious that the political involvement of the persons who negotiated the document is extremely important.

"The Memorandum Is the Basis of the Government Program"

[Lazar] Might the memorandum be considered as an equivalent of the government program, at least in this year, when the government is expected to explicitly assume responsibility for it?

[Cosea] The memorandum is the basis of the government program. However, those two documents cannot be identical, because there is a great many details and particular elements that ought to be taken into consideration. Aside from that, I fully agree with you that the memorandum represents the basis, the basic structure, the skeleton of the government program.

[Lazar] Why does the PDSR fear that the opposition will vote against the memorandum, considering that many of the principles of that document also occur in the programs of the opposition parties?

[Cosea] As I stated when I returned from Washington, I am personally convinced that the opposition, judging from everything it has declared and done so far, will prove to be open to the idea of foreign financing, and especially that it will favor all methods intended to speed up reform. Their [the PDSR's] fear comes from the specific nature of Romanian parliamentary and political life, with its constant ambushes and guerrilla warfare. They are afraid that the balance of political forces might be altered in parliament, which is quite possible if the memorandum is submitted to a vote. Although I do not wish to be a Dutch uncle, I would still like to suggest that

the issue of the memorandum should be taken out of the category of politically opportune issues, because it is far too important for that and I do not think that any of our parties could afford to sacrifice 23 million people for the sake of a few more seats in parliament.

[Lazar] I think we should clear up certain things. Who requested that the memorandum should be passed by parliament? As far as I know, it was the wish of the Romanian Government, rather than that of the IMF, as was being claimed today.

[Cosea] You can find the answer to that in something that happened more recently. Previously, the memorandum was presented to parliament by [former Prime Minister Theodor] Stolojan. It was the premier's wish to be fully open about what he was doing. He did that because they criticized the way in which the previous memorandum had been concluded. Stolojan presented the memorandum, but he did not have it submitted to a vote. However, one can say that this tradition served as a basis for the way things were conceived for this year. The IMF suggested that the memorandum should be presented to parliament. However, during our difficult and quite lengthy negotiations, they repeatedly resorted to the argument that the Romanian party lacks credibility.

[Lazar] What were the causes of that lack of credibility?

[Cosea] Above all it was the fact that the stipulations of the previous accords had not been fully carried out. Second, the continuous political fighting in parliament created the impression abroad, and I am sure that this impression still exists, that the government alone does not have the ability to vouch for the implementation of the document. All this led to the idea that the memorandum should be presented and submitted to the vote of parliament. By this, the IMF tried to ensure that the opposition knows the stipulations included in the memorandum and consents to those terms.

[Lazar] Don't you think that this has made things even more complicated?

[Cosea] Of course we made things more complicated for ourselves, because we could have bypassed parliament. However, I still think that its endorsement is very necessary and, therefore, in my opinion, this tradition should be maintained for future negotiations as well. As you said, the IMF accord represents an important part of Romania's government program. The IMF accord gives that government program precisely the things it lacked initially: concreteness and a practical aspect.

"What Romania Needs Now Is a Coalition Government Including All Opposition Parties"

[Lazar] Besides the communist background of our current rulers, social instability, labor actions, and ethnic problems, foreign political analysts assess that the nationalist-extremist political groupings also represent an element of risk for Romania. What is the point in

having the IMF memorandum passed if, meanwhile, the ruling party sets up a coalition government with the National Romanian Unity Party [PUNR] or the extreme left-wing parties?

[Cosea] The [PDSR's] alliance with the PUNR, for instance, is greatly disadvantageous. Abroad, they consider the PUNR an extremist party. Thus it is quite obvious that great difficulties will emerge again in Romania's international relations. This is something that worries me very much, because I lived through the period following the miners' incursion [in 1991 in Bucharest] and I know what it means to have to kneel, trying to justify and explain things and make promises all the time.

[Lazar] What would be, in your opinion, the ideal government formula that could create a favorable image of Romania abroad?

[Cosea] What Romania needs now is a coalition government including all opposition parties, that is, those that do not represent the current majority in parliament. Of course, this would also have a reverse side, namely that the parties of the current majority in parliament would also have to be included, and this practically means the setting up of a national union government. However, considering the incompatibility existing among certain parties, such a government is hardly achievable.

[Lazar] How could they reach a convenient formula?

[Cosea] I suppose that if they had held longer and more flexible negotiations, they could have managed to set up a party including all principal elements of the opposition. Such a thing would have resulted in two major advantages: First, Romania's image would have been different, and second—this would have been fantastic—political aversion would have been bypassed, as they would have set out from the idea that there are reformers in all camps. Reform is not the prerogative of the government party, or only that of the opposition. Another advantage is that they would have found an easier way to negotiate with the trade unions.

"Oscillations Between the Limits Imposed by the Memorandum and the Limits of the Administration"

[Lazar] The memorandum contains a number of stipulations that are already outdated or will soon be outdated, and therefore they will not be implemented (the draft budget has not been forwarded to parliament yet; the Restructuring Agency is not under the authority of the State Property Fund; the financial unblocking of companies is being done selectively, and so on). Do you not think that the government is using this period until the document becomes effective to pay off old scores instead of using it to promote the memorandum?

[Cosea] I do not think the government has any old scores to pay off, and even if it did, it would not be able to do so. You know very well that the government does not have any power [to implement the reform]. It is like a

horseman riding a rocking-horse. The real power lies with the State Property Fund. However, the problem you mentioned does exist, and it consists of the fact that certain particular and yet important elements display an oscillation between the various factors characterizing the memorandum [sentence as published]. The reason is quite simple: Whereas the memorandum is a document with extremely clear-cut technical features, Romania's economy, unfortunately, does not display a similarly clarity.

[Lazar] In other words, the memorandum cannot be implemented?

[Cosea] Can we afford to implement it, for instance, by not paying salaries in companies that are in financial blockage? Can we afford to renounce certain elements ensuring the survival of our economy in order to observe some technical stipulations? The answer is not just yes, we can afford it, but also that this is what we should do. If not, we will be taking half measures and following the policy of *fait accompli* again, and then we will be amazed again that so many things went wrong, although I am sure that, on the following day, we would be justifying our failure by various theories and nice-sounding declarations.

[Lazar] Are such oscillations not dangerous?

[Cosea] If the foreign financing would have been available at the end of December last year, the way I had hoped, very many problems related to the limits imposed by the memorandum and the limits of the administration would have been solved by now.

[Lazar] Still, under such circumstances, the figures established by the memorandum seem to be unrealistic.

[Cosea] For the time being, I can still assert that everything included in the memorandum is realistic. I would like to emphasize again that the memorandum is a strictly economic and very technical document, although its success depends 90 percent on the political climate. No well-conceived monetary measure and no fiscal or budgetary technical measure can have positive effects if the relationship among owners and users, between property and production is not regulated adequately.

"Privatization Presupposes Political Will"

[Lazar] But such regulations actually mean privatization.

[Cosea] That is right, this is the great problem of privatization, which, by the way, I do not consider an issue that should be regarded as a performance criteria. [It is unimportant] whether in 1994 we privatize 2,000 or rather 4,000 companies. It is unimportant whether the [privatization] project is ambitious or not. If we do not manage to turn this capital of 2,000 companies into private property, we will fail in solving the most important problem of Romania's economy: the undercapitalization of our companies. All Romanian enterprises have been conceived in such a way so as to be

under-capitalized. You know, formerly, loans used to be very cheap and they were a means of keeping the economy under political control.

[Lazar] That may be the case today as well.

[Cosea] Current capitalization is immense. However this merely refers to the fixed capital. The floating capital, that is, the cash flow, are still at a very low level. No Romanian company can avoid financial blockage because as long as its owner is the state, it will never have sufficient floating capital. This problem could be solved if the constant part of the capital would be sold, transferred to the private circuit.

[Lazar] You have to admit that such a move presupposes political will.

[Cosea] Yes, that is what it takes, political will. And the State Property Fund should become what is actually should be, namely a factor promoting privatization. In that respect, things are not very clear yet and therefore not really favorable for the implementation of the memorandum.

[Lazar] Relations between the Reform Council and the State Property Fund have become increasingly tense. Is that not also blocking privatization?

[Cosea] The relations between the Council and the State Property Fund have obviously become increasingly complex, because, after all, the word contradiction is one way of interpreting that complexity. At the Council, we are currently preparing a government decision, which could also be turned into a legislative initiative, that does not intend to alter the bill on privatization, but rather to speed up that process. This does not mean that it is enough if we speed up the selling of shares, because, in Romania, privatization has stopped owing to the inflation, lack of capital, too high taxes, customs regulations that do not support production, and owing to the impossibility for people to sell or buy land and other real estate assets. Somehow the false idea was created that privatization means that a large number of private companies should emerge overnight, but we did not ponder enough what we will do with them in the long run. The situation is similar to the fairy tale of the mother eagle that has to eat up its chicks as soon as they first see daylight in order to make place for the next eggs in the nest.

"I Have No Idea What Color the PDSR Is"

[Lazar] When you took over office you stated that you wish to obtain decision-making power for the Council. The decision that was recently taken by the government [establishing the competence of the Reform Council] contains dozens of phrases such as "it approves," "drafts," "elaborates," or "proposes," but—except for the hiring its own personnel—it does not contain any "it decides." What things were you able to decide upon before that government decision came, what decisions

can you take currently, and what decisions will you be able to take in the future, considering that now you have a political color?

[Cosea] I am not very sure that I really look like an Easter egg, being politically colored. That would not bring me any advantages and I do not like to color myself either. I have no idea what color the PDSR is. The discussions that preceded the government decision referring to the competence of the Council were very long and complicated. It was established that I cannot take decisions affecting the activity of ministries. However, owing to the fact that we are supposed to approve the decisions taken by ministries, we can still block their activity if it contradicts reform.

[Lazar] That is not very much, is it?

[Cosea] The fact that I can directly intervene in all activities regarding the legislative and organizational aspects gives me a large maneuvering space and great satisfaction. The most important activities in which we are also involved are the restructuring of whole branches according to the drafts elaborated by ministries and the large-scale privatization actions. The Council has the right to regulate the economic restructuring actions. In this way, actually, the whole activity of the ministries is under our control.

[Lazar] That resembles centralism very much.

[Cosea] That is a control over the strategy and the general orientation [of the ministries], and does not refer to the budgetary and personnel aspects or to day-by-day activities. We involve ourselves directly in concrete actions designed to privatize large companies, such as Tarom [national air company] or the mineral water

sector. We are even trying to elaborate a methodology of the privatization of successful companies, that is, those that foreign investors would obviously be glad to buy and that therefore can be easily sold.

[Lazar] "Involvement" or "intervention" still does not mean "decision."

[Cosea] Everybody expected that the Reform Council would issue decisions appointing or firing people, or other such decisions. Unfortunately, we are not empowered to take such decisions.

[Lazar] You said that the coming six months will be decisive. Do you think that the government, after a reshuffle, will survive over the next half-year?

[Cosea] For the time being I cannot answer that question, because I do not have all the information I would need for that. I know, however, that, over the next months, Romania needs a government much more than early elections. The country's political stability has to be maintained, no matter what the risks are or what compromise has to be reached. It is true, holding general elections now could result in the clearing up of the political situation, so one of the problems would be solved, but on the other hand such elections could ruin other things. Among those other things I would mention the one that, today, is most the most important for the nation: the settlement and the balancing of our economy. I think that achieving the same things in our political life can still wait. Over the next six months, the cabinet might be reshuffled quite often. I hope, and this is a personal wish of mine, that over the coming six months a coalition government will be set up with the representatives of the opposition.

Karadzic, 'Experts' Comment on 5 Feb Massacre
AU0802221794

[Editorial Report] Belgrade Television RTB Network in Serbo-Croatian dedicates its 8 February edition of the "Aktuelnosti" current affairs program, broadcast at 1938 GMT, to the explosion that killed 68 and injured 200 people at a Sarajevo market on 5 February. The anchor man in the Belgrade Television studio is Milorad Komrakov.

He is joined by the following guests: Captain 1st Class Dusan Jelusic, Yugoslav Army expert on mortar ammunition; Lieutenant Zoran Stankovic, Yugoslav Army pathology expert; military commentator Petar Knezevic; and machine engineer Colonel Milan Rundic, explosives expert.

Radovan Karadzic, president of the republic of Srpska, and General Major Milan Gvero, assistant commander of the General Staff of the Army of the republic of Srpska, join in the program live from the Pale television studio.

At the beginning the program replays the footage of the Sarajevo massacre, which is followed by reportage rounding up all major massacres that have taken place in Sarajevo from the beginning of the war in Bosnia-Herzegovina.

Komrakov then asks Radovan Karadzic to explain the contents of his letter to U.S. President Clinton and Russian President Yeltsin in which he claims that "a great and feeble deception took place at the Sarajevo market" as well as the findings on which he bases his conclusions. Karadzic replies:

"We base such conclusions on the findings that we are mostly receiving from the Croatian side in Sarajevo, on the analyses of our experts, on simple examination of the footage taken by the Muslim side, and on statements given by the Muslim listeners to Radio Hayatt, which are recorded and undisputable. Namely, if one looks carefully at the footage, one sees clearly that there are very few goods on the market and that very few market stalls have goods. One must try to imagine that in such a small place at least 300 people were caught in this explosion, and it must be assumed that there might have been another 300 who were not effected. Therefore, it is absolutely impossible to imagine and justify the presence of some 300 to 600 people in such a poor market. Furthermore, we have some reports from the Muslim side, which I hope we will be able to hear tonight, that no noise characteristic of a mortar bomb was heard, and the Muslim witnesses have also said so. There have been some reports that there were not many people there at all. We have reports, and this can also be concluded from this television footage, that the bodies of people who had died much earlier were also used. Now we can see on the film something that resembles a stuffed mannequin, plastic or made of fabric. There are also indications of plastic mannequins.

"In short, an enormous deception has taken place. Something tragic happened at that market, that is for sure. However, whether so many people died, whether the bomb arrived from elsewhere, or whether an explosive device exploded on the site, all this gives rise to great suspicion. Furthermore, it can be clearly concluded that this was stage-managed—just look how much this resembles a mannequin—and that these were concoctions that should shock the world, that is to say, turn the world against us."

Karadzic also says that "the Muslim side has rejected any sort of joint investigation by a joint commission, that is to say, any sort of international investigation." "We demanded that Russia and the United States not to allow their policies to be ruled by such a fake," Karadzic says, "and we demanded an international expert examination of this and any other case." "The fate of the nation and the fate of peace in the region is at stake," he exclaims, "and not a single serious country in the world should allow itself to rely on the Muslim sources alone."

The program then broadcasts a roundup report on ways in which foreign media have reported on the same event.

Afterward Komrakov asks Karadzic to comment on the "warning to the Bosnian Serbs to remove the artillery positioned around Sarajevo or face the risk of NATO air strikes," and the statements by "U.S. and Russian representatives."

Karadzic replies that "Russia has a balanced and correct attitude toward the crisis." "It is clear," he goes on, "that any sort of involvement in a civil war would really mean the proliferation of the war and would be completely unjustified. Anyone who would attack us would become our enemy and our attitude toward the enemy would, naturally, be defined on the basis of a natural right of any nation to defend itself. Unfortunately, in the United States many circles are completely uninformed. Sarajevo is not surrounded, it is a divided town. We have a part of Sarajevo that we will not give to anyone. We are willing to negotiate on how much of Sarajevo will be Serbian and how much Muslim. However, the idea of abandoning a town populated by 200,000 Serbs is out of the question. We can agree, within a peace plan and possibly under the UN administration of Sarajevo, to reduce and remove our artillery. However, how far do they think we should move artillery when artillery has various ranges? We will not move our artillery out of the borders of our republic."

Speaking further about the attitude of the international community toward the Bosnian Serbs, Karadzic says: "We are absolutely sure that governments and their secret services know the truth. They have known it since the very beginning when they started destroying Yugoslavia." According to him, "they knew that a war would break out in Bosnia-Herzegovina and did not hurry with this war until the war in Croatia had ended." "They planned to finish with Bosnia by the end of May 1992, when it would have been Kosovo's turn, perhaps even

that of Sandzak and Vojvodina. However, their scenario was thwarted, because the Serbs in Bosnia held out much longer than anticipated."

"The governments that know the real truth," Karadzic continues, "the governments that make decisions, will opt for peace at a moment when the advantages of a war will disappear." He goes on to say that "one can already see that numerous European countries that used to favor war no longer favor it, that is, the war has started to cause damage to them. When this will also be the case with Germany and the United States, peace will come very quickly. Namely, it is clear that the Muslim leadership listens obediently to its patrons and masters."

"The fact is," Karadzic remarks, "that the United States managed to compromise and upset Europe to the utmost with Bosnia-Herzegovina. I still do not see any readiness on their part to drop the possibility of arbitrating in the region and, perhaps, strengthening their presence in the region, on the assumption that Russia will recover some day and there will be a need to monitor it from close up."

General Gvero is then asked to comment on the 5 February massacre. "We know our units and what orders they have," he says, "and they obey our orders. We are sure that, on that date, there were no activities, just as during a period prior to that, against the part of Sarajevo controlled by the Muslims."

As he says, for this reason, the Serbian side proposed the formation of a "mixed, neutral commission" immediately after the explosion. "Speaking of the truth, we know the truth as well as all the people of good intentions. The truth is that a Serbian hand did not do this and this is a criminal fabrication of an event," Gvero assures.

When Gvero was asked about the alleged evidence held by the Bosnian Serbs that "a foreign intelligence service was directly involved" in the planning of this massacre, as well as "a group of Muslims from the former Bosnia-Herzegovina active in the Islamic lobby in the United States," Gvero replies that the Serbian side has been monitoring very carefully everything that was happening "before and after this event." He confirms that they "hold certain information of various origins, which is in the process of being checked." Gvero reminds that a Turkish official at the beginning of January announced that "something that will make the world speechless" will happen in Sarajevo, which he finds indicative. However, as he says, "until we hold firmer, more definitive proof that can be verified, we would not like to make public statements." He says that this massacre must be "thoroughly investigated" to prevent similar such events happening in the future.

At the end, Karadzic says that "the international community must soon change its attitude toward the warring sides. Their attitude must be perfectly balanced. They must lift the sanctions against the Serbs for the Muslims to realize that this game is over and sign the peace plan.

If the international community really wants to proliferate and intensify the conflict, then it will believe the Muslim fabrication, or some country will order it."

Komrakov here thanks Karadzic, who must leave the studio due to "pressing duties," for his participation in the program.

After Karadzic leaves Studio Pale, the program returns to Studio Belgrade, where studio announcer Milorad Komrakov begins interviewing his guests.

First, Komrakov turns to 1st Class Captain Dusan Jelusic, an expert on mortars in the Yugoslav Army, and asks him to give his expert opinion. Jelusic says that it is impossible for a mortar shell to disintegrate into so much shrapnel, yet not damage any of the market stalls.

After Jelusic, Komrakov turns to explosives expert Milan Rundic, who proceeds to give vital statistics of a type of mine that could have been used, but says that even if the mine or shell had exploded under ideal conditions, it could not have caused as many casualties. He then proceeds to give a lot of scientific details and to explain the diagram he has drawn of how the shrapnel disperses after the initial detonation.

Komrakov then introduces archive footage of site of massacre shot by an unidentified foreign television crew, which shows a man, allegedly a Bosnian official, who is taking measurements. When asked to explain what he is doing, he answers that he is investigating and cannot give any more details. Following this, Komrakov introduces an excerpt from a phone-in program of Radio Hayat. In the program, listeners phone in and urge citizens to take up arms and advocate the killing of all Serbs. Some also advocate killing all the Croats in addition to the Serbs. Only one listener says that it is not normal to call for such violence.

Following this, Komrakov turns to military-political commentator Petar Knezevic, who says that the 5 February massacre was evidently a terrorist act. Asked to assess the seriousness of air strikes, Knezevic says that air strikes would not give the desired results and that in his opinion, the allies will not go ahead with their threats.

Komrakov now turns to Dr. Zoran Stanojevic, army forensic pathologist, and asks him to assess the investigation carried out at the site. Stanojevic says that in order get real results, the investigators should not concentrate as much on the site of the explosion but rather on the bodies of the deceased. He maintains that no proper autopsies were performed and that the time of death was not established. Otherwise, claims Stanojevic, had proper autopsies been carried out, it would have been established that some of the bodies had been dead for some time before they were brought over to the market. He offers to take his team and go to Sarajevo to perform the autopsies in the presence of experts from all sides involved.

After this, Komrakov thanks his guests and reads a TANJUG report that arrived in the editorial room some time earlier, which says that the shell that landed on Markale market was launched from Bosnian Army positions some 2 km away. With this, he thanks the viewers for watching the program and wishes them goodnight.

Karadzic Addresses Clinton, Yeltsin on Market

AU0802195094 Belgrade RTB Television Network in Serbo-Croatian 1830 GMT 1830 GMT 8 Feb 94

[Text] In a letter today Radovan Karadzic, president of the republic of Srpska, informed U.S. and Russian Presidents Bill Clinton and Boris Yeltsin that a great and feeble deception took place at the Sarajevo market. Accepting full responsibility for every word in the letter, Karadzic emphasizes that an explosion in which few people were killed and injured took place at the market, while everything else surrounding this incident was stage-managed.

There were very few goods in the market, and those were in only a few stalls. Eyewitnesses did not observe over 300 people at the market directly prior to the explosion, but only a handful. It would not even be logical for more than 300 people to be present at a small market that was lacking in goods.

Karadzic also pointed to a very indicative fact: The Muslim side rejected an investigation that would be carried out by the UN experts with the participation of Serbian and Muslim experts. Interviews with survivors, as well as pathological findings on the causes and times of deaths, would have revealed the entire fake. Namely, all the witnesses, even the Muslims in the Muslim media, have stated that this was an unusual bomb because the characteristic whistling noise was not heard prior to the explosion.

Karadzic, among other things, warns that the television footage clearly shows that manipulation with bodies has taken place in this tragedy. As he says, in the footage one can see the bodies of casualties who had died hours earlier as well as plastic body parts. We must not allow, Karadzic says, that one warring side would deceive the entire international community, including the most important forces—the United States and Russia, and their presidents—and lead them to false conclusions. This is a great shame, he says.

Karadzic appealed to Clinton and Yeltsin: We beg you to discover the real truth by all means available to your powerful countries.

Karadzic Asks Churkin To Send 'Neutral Group'

LD0902131094 Belgrade TANJUG Domestic Service in Serbo-Croatian 1159 GMT 9 Feb 94

[Text] Belgrade, 9 Feb (TANJUG)—Radovan Karadzic, president of the Srpska republic, today sent a letter to Vitaliy Churkin, deputy minister for foreign affairs of the Russian Federation. In the letter he points out that

the Serb side "cannot tolerate a situation in which the perpetrator of the crime in Sarajevo's marketplace remains unidentified. Nor can it tolerate the international community's tacit agreement that this was done by the Serbs."

"If the truth is not established promptly the Muslim side will continue to perpetrate crimes to fool the international community while the Serbian people and the whole region will experience an escalation and intensification of war," Radovan Karadzic cautions in his letter.

The president of the Srpska republic demands that the Russian Government provide a neutral international group of experts to compile a professional report. This team of experts should also include, in addition to ballistics specialists, pathologists who would investigate the causes and time of death of the civilian victims.

Radovan Karadzic maintains that in the course of identifying the true perpetrator of the massacre in Markale marketplace one should also analyze it politically, something President Yeltsin has mentioned too. This analysis, Karadzic believes, would indicate which side has made a political gain from this crime.

"We call on you and the Russian Government to provide such an expert report and appoint Russian ballistics experts, pathologists, and political analysts to such an international group of experts. It goes without saying that this group should also include experts from the Serbian and Muslim side," Karadzic writes in his letter to Churkin.

Shell Reportedly Came From Muslim-Held Area

LD0802214294 Belgrade TANJUG Domestic Service in Serbo-Croatian 2044 GMT 8 Feb 94

[Excerpt] Sarajevo, 8 Feb (TANJUG)—The shell that caused the tragedy in Sarajevo's Markale market was fired from a position 2 km northeast of the scene of the carnage. The shell was lobbed from 1-1.5 km within the territory under the control of Muslim forces, in relation to the separation line with the Army of the republic of Srpska.

This was confirmed to a TANJUG correspondent this evening by very reliable and confidential sources in the UN Protection Forces Command who wished to remain anonymous. [passage omitted]

Bosnian Serbs: 'Foreign Intelligence' Involved

LD0802155094 Belgrade TANJUG in English 1502 GMT 8 Feb 94

[“Pool” item]

[Text] Sekovici, Feb 8 (TANJUG)—The Serb side has information that the Sarajevo market massacre, which killed 68 people, was planned by the Moslem authorities and that directly involved was a foreign intelligence

service, TANJUG learned on Tuesday from reliable sources in the Bosnian Serb Republic (RS).

The RS sources said that the scenario and its media support were developed in mid-January with the participation of a group of Moslems from former Bosnia-Herzegovina who are active in the Islamic lobby in the United States. The preparations included three military advisors to the Moslem army who carefully planned the time and place of the massacre.

The bloodshed at the Sarajevo market was caused by a mortar shell and several explosive devices, but the Serb side does not yet have all the necessary facts.

The RS sources claim that there is no doubt that many traces, which would immediately show that the incident was stage-managed, were removed with lightening speed.

They said that the expertise carried out by the U.N. Protection Forces (UNPROFOR) was superficial and underscored the significance of the fact that the Moslems refused to agree that Serb experts take part in the investigation.

The RS sources said that the criminal action aimed to create a reason for the continuation of the pressure against the Bosnian Serbs, to provoke NATO air strikes and support the Moslem side in its aspirations to control the entire Bosnian territory.

The sources said that the stage-managed action is also an attempt to bring about the failure of the Geneva peace talks and to provide a justification to the Moslem side not to sign the peace plan.

All this is supported by the fact that Moslem Presidency Vice-President Ejup Ganic on Monday revealed a new Moslem proposal to create a cantonal Bosnia.

The Bosnian Serb sources learned that a new stage-managed action is planned in case the Sarajevo incident fails to achieve the wanted results, thus confirming the determination to realize these aims. The sources said that Moslem ambassador in the United Nations, Muhamed Secirbegovic, on Monday openly threatened to do this. If NATO fails to carry out the air strikes "such incidents will recur," he said.

Koljevic Condemns Massacre as 'Scandalous Tragedy'

AU0802172294 Belgrade Radio Beograd Network in Serbo-Croatian 1542 GMT 8 Feb 94

[Telephone interview with Nikola Koljevic, vice president of the Srpska republic, by Slobodan Jankovic in Belgrade on 8 February—live]

[Text] [Jankovic] Good day, Mr. Koljevic.

[Koljevic] Good day.

[Jankovic] We begin this conversation with an unfortunately grave fact, and that is that prior to every round of

negotiations—from Lisbon to the present—war drums have accompanied the peace process, along with stimulation for continuing the civil war between the three peoples. Mr. Koljevic, tell us exactly what is being planned at the moment. What are we preparing for Geneva?

[Koljevic] Well, to be brief, we are setting out for Geneva with, like always, our readiness for peace; of course, a just peace, and one that will be equal for all three sides in the conflict. Concretely, in this case, we are prepared to discuss the internationalization of the Sarajevo region; we need to approach this theme very seriously and keep in mind all its present and future implications.

[Jankovic] How far do the Serbian side's concessions reach? Is there a limit to the negotiations when—just prior to this round of negotiations, so to speak—something in the vein of the Sarajevo Markale market happens? Is this actually a forced concession?

[Koljevic] I do not think that this is a forced concession if it concerns peace, even a partial peace, but there can be no doubt that this represents certain pressure. However, I think that this pressure, in the form of such a large-scale and scandalous tragedy, cannot be real political pressure on us, because in this tragedy, this two-day tragedy—first in the Dobrinja district, followed by the market—the scenario was so familiar that we cannot even accept this as political pressure; actually, we can only accept this, treat this, as a great crime, accompanied by a scandal. When I say scandal, I have two things in mind: Primarily I mean that General Rose did not react on the first day but on the second day with his statement concerning Dobrinja—that the shell came from the direction of Serbian positions. Whether he did this because he is new or for some other reason, I do not know. However, this is not the first time that a shell came from the direction of Serbian positions but not from Serbian arms. The simplest way—employed at least 10-15 times so far—is for the Muslim forces to position themselves on the same direction with the Serbian forces but farther back and to fire from that direction. Therefore, this is not proof as far as the first day and the first accident, first tragedy, is concerned.

As far as the second one is concerned, I believe that it is a true and real scandal that such a crime was not prevented—that is, that people, experts whom we offered, were not allowed to simply seal off the area so they could swiftly and objectively investigate who was the perpetrator of such a terrible crime. [sentence as heard] This proposal of the Serbian side—I myself was at the airport and five minutes after receiving the news, we immediately proposed this; our people were ready to go to the site—was unfortunately rejected, and the first, most basic ways, so to speak, which allow the culprit responsible for causing such a tragedy to be identified, were undermined. I believe that regardless of the fact that this first state of affairs was covered up, destroyed, so to speak, we have to go on insisting on this [words

indistinct], and one which would establish not only the military but also the pathological aspect of this act.

[Jankovic] Thank you.

Inter-Serb Fighting Reported in Brcko Area

AU0902094394 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0900 GMT 9 Feb 94

[Report by Hamiz Deronjic from Brcko]

[Text] The defense positions of the free Brcko territory came under attack again last night. The Serb aggressor fired heavily with Brovings, antiaircraft guns and M-84 machine guns at the entire defense line of the free Brcko territory. The heaviest fire was directed last night at the central part of the Brcko front, where the enemy pounded our positions with 60-mm and 82-mm mortars from armored combat vehicles.

The grouping of the aggressor's forces is continuing, but the enemy has serious problems with his manpower. At 1820 last night a new clash took place and small arms fire was exchanged among chetniks in Spomenik near Brod, the chetniks being those who had previously burned down Muslim houses at Brod.

Krajisnik: Serbs Cannot Accept 'Cantonization'

LD0802213094 Belgrade TANJUG Domestic Service in Serbo-Croatian 2039 GMT 8 Feb 94

[Text] Belgrade, 8 Feb (TANJUG)—Bosnian Serb assembly speaker Momcilo Krajisnik has said that the republic of Srpska cannot accept the plan on the cantonization of Bosnia that was initiated afresh by the Muslim government in Sarajevo last night.

"The extremist Muslim leadership must understand that Bosnia has been divided and that it would take a great war to reunify the disunited Bosnia-Herzegovina," Krajisnik told Politika TV this evening.

He added that the cochairmen of the conference on Bosnia-Herzegovina have been clearly told that the Serb side will accept only "the results already achieved at the conference." This means, Krajisnik said, acknowledging the fact that "there already are three states in the former Bosnia-Herzegovina and a revival of a quasi-state of Bosnia-Herzegovina cannot be advocated."

Krajisnik said that "this means that in no way can we accept the plan, for that would mean returning to the Vance-Owen, which was flatly rejected by our assembly."

Speaking on the demilitarization of Sarajevo, Krajisnik said he is convinced "solutions can be found which would satisfy Serb interests." "In that case we would not have anything against the demilitarization of Sarajevo and the establishment of a UN protectorate," Krajisnik said.

Herceg-Bosna Croats Adopt Political Declaration

LD0802225394 Zagreb Radio Croatia Network in Serbo-Croatian 2100 GMT 8 Feb 94

[Report by Zdenko Vranjes]

[Excerpt] The special expanded session of the Chamber of Deputies of the Croat republic of Herceg-Bosna held in Livno today ended this evening with the adoption of a declaration with no votes against and two abstentions. This confirmed that the Chamber of Deputies of the Croat republic of Herceg-Bosna is the sole legitimate legislative authority of the Croat people in Bosnia-Herzegovina and reaffirmed the principles for a political resolution of the state crisis in Bosnia-Herzegovina.

The correctness of the stances and activities of the legitimate representatives of the Croat people in the search for a solution to the state crisis in Bosnia-Herzegovina has been reasserted at international peace negotiations on Bosnia-Herzegovina, the declaration says. Bearing in mind the present international order and reiterating their lasting political orientation for peace and a political solution to the state crisis in Bosnia-Herzegovina, the Chamber of Deputies adopted the principles proposed by the commission headed by Pero Markovic, chairman of the executive committee of the Croatian Democratic Union for Bosnia-Herzegovina.

[Begin Markovic recording] The preservation of the state of Bosnia-Herzegovina as an independent and internationally recognized state is only possible through the consent of all three constituent, equal, state-building peoples—Croats, Serbs, and Muslims—and all of them together, through a union of republics of Bosnia-Herzegovina.

Second, the right of the Croat people in Bosnia-Herzegovina to self-determination and the realization of their statehood and independence will be guaranteed by the Croat republic of Herceg-Bosna in the union of republics of Bosnia-Herzegovina with respect for the right of the other two state-building peoples—the Serbs and the Muslims—to the same on an equal footing.

Third, all the rights of the members of the Croat nation in Bosnia-Herzegovina—regardless of the internal set-up of the state—must be guaranteed on its entire territory through an agreement on peace in Bosnia-Herzegovina, achieved by the mediation of the international community. By ensuring the application of the highest international standards governing human and political rights, we will demand the same for the other two state-building nations—the Serbs and the Muslims. We are in favor of cultural, religious, and national autonomy and local self-administration for every nation in each of the three republics.

Fourth, the union of republics of Bosnia-Herzegovina must be set up as a democratic, multiparty, parliamentary state which safeguards and guarantees all fundamental rights and freedoms of each of its state-building

nations and citizens irrespective of their nationality, religion, political affiliation, sex, and social status.

Five, we support sustained efforts and struggle by the entire legitimate political leadership of the Croat people in Bosnia-Herzegovina for the protection of all national, cultural, economic, and human rights of the Croats living outside the areas of the Croat republic of Herceg-Bosna on the basis of reciprocity with the other two state-building nations. [end recording]

In addition to these political principles, the declaration supports and accepts President Tudjman's peace initiatives and efforts aimed at halting the war and restoring

peace in Bosnia-Herzegovina and Croatia, and welcomes the signing of an agreement between the Republic of Croatia and the Republic of Yugoslavia. Those who have not yet accepted President Tudjman's initiative are called on not to seek a solution to the crisis in Bosnia-Herzegovina through continuing the war.

The declaration urges observance of international humanitarian law, supports efforts for the unhindered passage of humanitarian aid, and condemns every violent act and barbarity toward historic and cultural heritage. [passage omitted]

Granic Rejects Bosnian Plan for Division

AU0902080194 Paris AFP in English 0254 GMT
9 Feb 94

[Text] Zagreb, Feb 9 (AFP)—Croatian Foreign Minister Mate Granic on Tuesday rejected a plan by the Bosnian government to divide the war-torn country into 17 regions.

"Only a union (of three ethnic republics) can guarantee the future status of Bosnia-Herzegovina," Granic told a meeting of the Bosnian Croat self-declared "parliament" in Livno, southern Bosnia, in a speech obtained by AFP.

Granic said Croatia was "against a return to unrealistic positions," alluding to the Bosnian government's plan, which was similar to one set out a year ago by international mediator Lord Owen and his former colleague Cyrus Vance.

Bosnian President Alija Izetbegovic presented the new plan to the mainly-Moslem Bosnian parliament on Monday ahead of renewed talks between the three warring parties due to be held in Geneva on Thursday. Under the proposed plan Bosnia would become a "decentralised state, a state of non-ethnic regions."

Granic also said it was Croatia's "sacred duty" to help the Bosnian Croats, but condemned "Croat extremism" in Bosnia, and said some of the HVO's [Croatian Defense Council] actions were putting it in an "indefensible position."

He cited as examples the massacres of Moslems by the HVO last year in Ahmici and Stupni Do, the destruction of the old bridge in the divided city of Mostar, the blocking of aid convoys and "violations of laws on war and humanitarian conduct."

But he added that the "Moslem offensive in central Bosnia is the main obstacle to a normalisation (of Croat-Moslem relations) and shows that the Moslem leadership is opting more and more for the military option."

Granic confirmed in his speech that he was to meet Bosnian Prime Minister Haris Silajdzic in Geneva accompanied by Bosnian Croat representative Mile Akmadzic and the leader of the Bosnian Croat forces (HVO) Ante Roso.

Calls Boban Resignation 'Courageous'

LD0802173594 Zagreb Radio Croatia Network in
Serbo-Croatian 1600 GMT 8 Feb 94

[Report by Zdenko Vranjes in Livno]

[Text] [Passage omitted] Assembly deputies who took part in the discussion, by a large majority, supported the political advocacy of the concept of Bosnia-Herzegovina as a union of three republics. Nearly every deputy severely criticized a Croat meeting in Sarajevo, which

they consider illegitimate saying it was politically detrimental to the interests of the Croats in Bosnia-Herzegovina, and was in the interest of the Muslim side alone.

Numerous guests, including Fikret Abdic, a member of the former presidency of Bosnia-Herzegovina, took part in the discussion.

Mate Granic, Croatian minister of foreign affairs and President Tudjman's personal envoy to this session, also addressed the session. Here are some excerpts from his address:

[Begin Granic recording] We, the Croats from the Republic of Croatia, from Bosnia-Herzegovina, from the Croat Republic of Herceg-Bosna, are doing everything to make the war a thing of the past; we sincerely wish to end it. We see the only hope in peace with our neighbors, the only way out, the only road to Europe. [end recording]

Mate Granic called for the unity of the Croat people stressing that it was necessary to overcome individual interests, and commented on Mate Boban's move with the following words:

[Begin Granic recording] Mate Boban's decision is wise, courageous, and honorable. It is in the interest of the unity of the Croat nation, in the interest of all Croats. I personally would like to thank him on behalf of us all for everything that he has done for the defense and survival of the Croat nation in Bosnia-Herzegovina and wish him success in his future work. [end recording] [passage omitted]

Serb Krajina Leader on Croat Raids in Dalmatia

LD0802211794 Belgrade TANJUG Domestic Service in
Serbo-Croatian 2019 GMT 8 Feb 94

[Text] Belgrade, 8 Feb (TANJUG)—Milan Martić, president of the republic of Serb Krajina [RSK], and RSK Prime Minister Djordje Bjegovic held talks in Knin today with the special envoys of the cochairmen of the conference on former Yugoslavia Geert Ahrens and Kaio Edie, the ISKRA news agency has reported.

The agency said the talks centered on cooperation with the Republic of Croatia and on the establishment of peace.

"Economic cooperation is not possible without peace," RSK President Milan Martić said after the talks, adding that the peace conference's envoys were informed today about the latest vicious Croatian Army attacks on the Benkovac region [Zadar hinterland, northern Dalmatian front].

Ambassador Ahrens declared that the talks were held in a good atmosphere. Asked whether he had been informed about the attacks launched by the Croatian Army, he replied affirmatively, adding that he would raise this issue with the Croatian side tomorrow.

Army, Krajina Serbs in 'Fierce Artillery Duels'

AU0802151694 Belgrade Radio Beograd Network in Serbo-Croatian 1400 GMT 8 Feb 94

[Damir Kozul report from Benkovac]

[Text] The current cease-fire between the Croatian Army and the Serbian Krajina army on the Benkovac front is being observed less and less each day. After a relatively quiet night and morning, today at 1030 the Croatian Army launched a fierce tank and infantry attack in the northwestern part of the Benkovac front in the region of Privega. After the Krajina army's fierce response, the attack was successfully repelled. There were no casualties in the ranks of the Serbian army, but new material damage occurred.

The Croatian Army also shelled our army's positions in the Obrovac Brigade operational zone. So far we have no information about casualties. At the moment of filing this report, fierce artillery duels are in progress on this part of the northwestern Dalmatia front.

Djukic Predicts Reintegration of Krajina

AU0802130694 Zagreb VJESNIK in Serbo-Croatian 3 Feb 94 p 5

[Interview with Milan Djukic, vice-chairman of the Croatian parliament and chairman of the Serbian People's Party, by Zeljko Luburovic; place and date not given: "Autonomy for Serbs in Croatia Is Similar to That in Vojvodina"]

[Text] Is there any better occasion for a talk with Milan Djukic, parliamentary vice-chairman and chairman of the Serbian People's Party [SNS], than that following the signing of the Geneva agreement between Serbia and Croatia? There does not seem to be. Yet, many severe remarks by Djukic about Croatian state policy demand an explanation.

[Luburovic] Could you comment on the Geneva agreement between Croatia and Serbia?

[Djukic] That agreement is certainly a step forward, but only toward the establishment of a mutual dialogue between Croatia and Serbia, that is Yugoslavia and Croatia. However, the agreement does not bring about any advance in the quest for a settlement of the crisis in Croatia.

Serbia and Serbian policy are key factors in solving the problem of the reintegration of the UN Protection Areas into the legal system of the Republic of Croatia. Precisely for that reason, as far as the agreement is concerned, at the moment my attitude would be closer to the assessment made by Milosevic rather than that of Tudjman.

[Luburovic] In that context, how should the words of [Krajina Serb leader] Milan Martic be interpreted, when he stated after the victory in the Krajina elections that

"the only relations that Krajina may have with Croatia are neighborly relations?" Does that comply with your assessment?

[Djukic] That only speaks for the fact that Milosevic has not yet given a sign that the UN Protection Areas in Croatia might possibly be reintegrated into the integral Croatian state. Therefore, for the time being, Martic also cannot but follow Serbian policy on the occupied Croatian territories. At the very moment when Milosevic's attitude toward the Serbs in Croatia and the settlement of their political problem and status becomes more specific, Martic will also become more specific in those terms.

[Luburovic] Do you think that it is better for Croatia for Martic to have won the so-called Krajina elections, or would it have been better if Milan Babic had won?

[Djukic] It is better that Martic won, because he blindly follows Serbian policy.

[Luburovic] In other words, you believe that Milosevic will support the reintegration of the occupied regions into the Croatian legal system.

[Djukic] Not only am I sure about it—I am more than sure. And that certainty of mine comes from the fact that the UN Protection Areas cannot find any grounds for survival except within Croatia. If that is a fundamental truth, then it is logical that Milosevic will also have to come to the same conclusion, and he may already have come to it. However, he is still making good use of those areas while calculating his general policy. That policy has not been rounded off, because the issue of Bosnia-Herzegovina is still uncertain.

[Luburovic] Do you link the conclusion of the Bosnian issue to the conclusion of the Croatian issue?

[Djukic] Absolutely.

[Luburovic] In what sense?

[Djukic] It is very important for Croatia that Bosnia-Herzegovina remains a union of three constituent peoples. There are two possibilities for Croatia—either it will form a confederation with the Croatian republic of Herzeg-Bosnia and the Bosnian republic [Bosnjacka republika], or Herzeg-Bosnia will secede and join Croatia, while in that case the Serbian republic in Bosnia would join Serbia as well. In that case the question remains open as to what should be done with the UN Protection Areas, in which the population is predominantly Serbian. Those regions are conquered, and we, as well as the world, have to acknowledge that as a political reality, or a reality of time, or any other reality whatsoever.

A part of that reality is also that the Serbs from the unoccupied part of Croatia are leaving in ever greater numbers, which considerably changes the attitude toward Croatia.

[Luburovic] Where are those Serbs leaving for?

[Djukic] Yugoslavia and Western Europe.

[Luburovic] These are recent trends, are they not?

[Djukic] Yes, they are.

[Luburovic] Do you have any exact data on that matter?

[Djukic] According to our estimates, in the free territory of Croatia there are 200,000 to 220,000 Serbs. Which means that almost a third of the Serbs who lived in 1990 in those free territories of Croatia are leaving. This is a great political danger for a Croatian policy that wants to solve the problem in a peaceful way.

[Luburovic] How do you assess the arrival of Jovan, the Orthodox metropolitan of Ljubljana and Zagreb, in Zagreb?

[Djukic] That is certainly a step toward the normalization of integral Croato-Serbian relations. That is a sign of the sudden furtherance of that normalization, which contributes to the affirmation of religious freedom in Croatia.

[Luburovic] Do you think that the return of Metropolitan Jovan to Zagreb is an autonomous decision of the Serbian Orthodox church, or is it politically colored?

[Djukic] It is an autonomous decision by the Serbian Orthodox Church, which is confirmed by the reaction of the Orthodox Church in Croatia with respect to the Croatian authorities, the Serbs in Croatia, and so forth.

Yes, We Are Refraining From Discussing Bosnia-Herzegovina

[Luburovic] It is noteworthy that SNS deputies always refrain from taking part in the parliamentary debates on Bosnia-Herzegovina. They also abstain from voting on the issue. Why?

[Djukic] You are right in saying that we do refrain from that. It has to do with our attitude, which we have made public by criticizing Tudjman's proposal, which he made in Germany, that a confederation with Herzeg-Bosnia and the Bosnian republic should be formed. We objected to that proposal because it deals with legal and political subjects that are internationally unrecognized for the time being. Therefore, we believe that the problem of Bosnia-Herzegovina is a problem of the three constituent peoples, and in no case a matter of the Croatian concern.

[Luburovic] Still, the Constitution of the Republic of Croatia obliges President Tudjman and the parliament to take particular care of those Croatian people outside Croatia.

[Djukic] Look, the Constitution could have obliged them to do many things, if those things had been stated in it. We should take care of them, but no greater care of the Croats in Bosnia-Herzegovina than of the Croats in

Vojvodina, or Serbia, for instance. I think that when that unfortunate war came about, we were supposed to take better care of the Bosnian Croats, but not in such a way that today almost the entire world is condemning the way in which it is being done. And all that was unfolding in such a way that the relationship between the Croats and the Serbs in Croatia have been pushed to the margins.

[Luburovic] What do you think about the negotiations of the Croatian authorities with the representatives of the rebel Serbs?

[Djukic] Those negotiations may last for many years. We have always held a positive attitude toward them.

[Luburovic] You are not a member of the negotiating team, are you?

[Djukic] No, I am not, but if you want to know why, you should seek the answer in Croatian policy.

[Luburovic] From the point of view of the media, one gets the impression that Milorad Pupovac is a new political player in the game of the normalization of Serbo-Croatian relations. Is that an indication that the time of Milan Djukic has passed?

[Djukic] The time of Milan Djukic will have passed only when he leaves politics. Whom Croatia exploits, and in which way, when dealing with the issue of Serbs in Croatia, is a matter of those who take upon themselves such roles, without recognizing themselves in them, while it is also a matter of a Croatian policy that may think that in such a way something might possibly be accomplished.

Basically, the determination of the SNS and its representatives is not to be a disposable party, to avoid any conflicts with the opposition, nor to be suppressed by the attacks and assaults that speculate about who we are and whom we support. We shall persevere with the determination that the Serbs should recognize themselves in Croatia in a just way, that Croatia should become a civil state, and that we should elect a president who will have enough strength to greet his fellow citizens, and not just Croats.

[Luburovic] Do you think that Tudjman is not such a president?

[Djukic] We are certainly rather dissatisfied with the policy of President Tudjman with regard to the Serbs in Croatia.

[Luburovic] Why?

[Djukic] We want President Tudjman to be as much the president of the Serbs as he is of the Croats in Croatia. He cannot be the president of the Serbs if he a priori, as early as in his reception address, says that he is the president of Croats and all other citizens. I beg your pardon, "all other citizens" means that the category of citizens is a second class category. Look, if Zagreb is the

capital of the Croats, then a nasty part of the Serbs in Croatia might ask themselves: Wait a minute, if that is so, then what is the capital of the Serbs in Croatia? And I must also add that the president himself is actually making the Serbs demand that Knin be their capital.

[Luburevic] What are your relations with President Tudjman like?

[Djukic] At least I think they are correct. Which means that I have never spoken to the president as though I had any complexes, or feared him while approaching him, let alone disrespected him. I recognize him as the president of the state, but I also freely tell him what is right and what is wrong. I think that many would wonder if it is possible that I dare to tell the president straightforwardly everything that I really think, which is always in the best interest of Croatia, the Croatian people, meaning Croats as well as Serbs, and all others.

[Luburovic] The critics of President Tudjman most usually portray him black and white. He is either good or bad. How would you portray him?

[Djukic] I dislike President Tudjman's occasional lack of strength in his own determination when confronted with the political attitudes of some individuals. Which means that Tudjman could be better as a president. Furthermore, he ought to understand that the Serbs make a great distinction between the Croatian state and the Croatian authorities. That is very important. However, it can be noticed that the president equates the Croatian authorities and the Croatian state. We draw a distinction on that point. We respect, love, and esteem the Croatian state. That is our right and our obligation....

Serbs' Rights and Anti-Fascist Council of National Liberation of Yugoslavia

[Luburovic] Is it also a desire?

[Djukic] Yes, it is also our desire, but loyalty must not be demanded from us Serbs and stressed as a condition. And that is because there are also nasty Croats. I cannot understand why a Serb, who was twice jailed during the old regime, cannot obtain citizenship for that reason, while a Croat, who was indicted many times, can. Therefore I want to say as a Serb that I live in my country, and that is Croatia. I shall respect and value the Croatian authorities as far as they really serve my needs and interests, particularly when there is an entire people whose affairs are to be settled.

Croatia was guilty of a great failure in 1990 when the authorities tried to preserve Croatia within the borders that had been established in AVNOJ [Anti-Fascist Council of National Liberation of Yugoslavia] Yugoslavia, while not giving a thought to the problem of how to solve the question of statuses that had changed with Croatia's secession from Yugoslavia. At the time Croatia did not think that the Serbs, by seceding from Yugoslavia, should also keep rights they had obtained earlier.

[Luburovic] If I understand you correctly, you are saying that the war that happened here was the fault of the Croats?

[Djukic] It was not the Croats' fault, but the fact that it is a Croatian co-fault is undisputable.

[Luburovic] In other words, you believe that all the guarantees that the Croatian state has given to the Serbs so far have come too late.

[Djukic] Absolutely.

[Luburovic] But Martić maintains the same.

[Djukic] It is hard to change Martić's conviction now in terms of what would have happened if Croatia had agreed in 1990 to establish a civic society, and to give the Serbs cultural autonomy. And we also know that the cultural autonomy of the Ruthenians, Italians, and others was guaranteed for over 50 years by the 1974 Constitution [as published]. So, it is late now. You see, since the adoption of the Constitutional Law two years have passed, while it has still not been implemented.

[Luburovic] Are you saying that the Serbs should be given more than they are given by the Constitutional Law on Minorities' Rights?

[Djukic] The problem is that the Serbs have not been given anything. They have obtained something on paper, which we welcomed, and which we believe should be implemented in all segments of society. If Croatian policy had done that, the situation would certainly have been different.

[Luburovic] Excuse me, but there have recently been frequent cases of Serbs, who live at the time in the occupied regions, being granted citizenship certificates and their overdue pensions are also being paid.

[Djukic] That is true. But there was no need to generate problems where no problems existed.

[Luburovic] There are opinions in the Croatian public that the occupied regions could be easily reintegrated in the system of the Croatian Republic by taking the military option.

[Djukic] In my opinion, the military option does not exist any more, not even in theory. The forces of the right and impulsive spirits may demand that, but we have to find the strength and resources to make the people return to their homes.

[Luburovic] What you have just said sounds to me like a piece of hackneyed demagoguery, particularly because the leaders of the Serbs in the occupied regions of Croatia incessantly point out that Croatia and the so-called Krajina of theirs are two neighboring countries. How are they supposed to come to their senses?

[Djukic] Come on, what else can you expect from them when they know what awaits certain individuals at the end of the story?

[Luburovic] Some analysts claim that no Serbian option in Croatia has as much strength to convince the Serbs from the UN Protections Areas of the necessity for the war finally to end as Branko Horvat's Serbian Democratic Union [SDU] does.

[Djukic] Anybody who can do anything in that respect is welcome. Which is to say, if the SDU has such strength, there is no reason for it not to contribute to the cessation of the war. However, the Serbs are clever enough, and know exactly what the Serbian options are, and what the Croatian options are, that is to say, which options protect their national identity.

Thus we know that the SDU is a Croatian party, that its leader is a Croat, but also that there certainly are Serbs who support it. Today no one could persuade Martić by saying: Come on, please, join Croatia.

[Luburovic] Several days ago a group of Serb representatives in the parliament founded a sort of Serb representatives' club. They had also entered the parliament as Serbs, while some of them even as independent candidates. What made them characterize themselves as Serbs rather than as citizens of Croatia with a certain political platform, or at least as a club of representatives of all the national minorities in Croatia?

[Djukic] We, the SNS, and our club have been stressing that issue since we entered the parliament. You must have noticed that we entered the parliament as Serbs, in compliance with the Constitutional Law. We did that because, according to the law, the Serbs are supposed to have 13 representatives in the parliament. And all these people who are joining the Croatian parties are joining them as citizens of Croatia who support that particular platform. Excuse me, but in 1990 we had 31 Serbs in the parliament, as was confirmed by President Tudjman in his address to the United Nations. That was when five representatives of the Serbian Democratic Party left the parliament.

Tudjman said himself that those who had left the parliament were the legitimate representatives of Serbs. Which is to say, that there are Serbs in the Social Democratic

Party is not questionable, but counting them among those 13 is. You cannot have a Serb, a representative of the Croatian Social Liberal Party, support something that is in the interest of the protection of the Serbian minority in Croatia.

[Box, page 5]

[Luburovic] Are you referring to an autonomy model for the Serbs in Croatia like that of Kosovo and Vojvodina in former Yugoslavia?

[Djukic] Yes, I am referring to the Vojvodina model in 1974. However, that contradicts Churkin's theory about a state within a state, because, as far as I know, no example of such a state within a state exists in the world. However, I do not want to speak about form, but rather about content. That means that the districts of Glina and Knin must be given back to us, rather than to be organized within two counties. Furthermore, the question of the territorial degree of that autonomy still remains open. As does the question of eastern Slavonia and Baranja.

[Luburovic] I do not understand what is open in those questions?

[Djukic] They are open because there are Serbs living there now. And we are making efforts to ensure the return of the refugees to their homes. If that happens, as it ought to happen, then the Serbs will no longer be a majority there, so what we would understand as an autonomous province is the region of the present districts of Glina and Knin, where the borders of townships would be taken into account in determining the borders of the districts, rather than the existing administrative borders.

Certain alterations should be made in that respect, because there is the question, for instance, of whether it makes any sense for the village of Vrhovine to remain outside the borders of the autonomous province. If the refugees do not return, then the entire political reality will be changed. And I am afraid that, given the current policy, the refugees will not be going back very soon.

Federal

Success of Anti-Inflation Program Noted

LD0802235294 Belgrade TANJUG Domestic Service in Serbo-Croatian 2143 GMT 8 Feb 94

[Excerpt] Belgrade, 8 Feb (TANJUG)—Yugoslav Prime Minister Radoje Kontic today held a meeting in the Palace of the Federation with the prime ministers of the republics of Serbia and Montenegro, Nikola Sainovic and Milo Djukanovic, the Federal Ministry of Information has announced.

The meeting was attended by Dragoslav Avramovic; Bozidar Gazidova, deputy governor of the Yugoslav National Bank; Zarija Martinovic, managing director of the payment transactions service, and a number of federal ministers. They examined the implementation of this year's economic policy and the program of reconstruction of the monetary system and Yugoslavia's economic recovery.

It was concluded that significant results beyond expectations have been achieved in the implementation of the anti-inflation program, primarily as regards the purchase of foreign currency, market supply, and the reduction of hyperinflation. The Yugoslav National Bank has up to today purchased foreign currency to the tune of 54 million new dinars, and at the same time has sold only 3 million German marks, which shows that the foreign currency reserves of the Federal Republic of Yugoslavia have increased by 51 million German marks in 17 days of implementing the economic program. In addition, the level of prices over the past seven days dropped by 0.5 percent compared with the previous week. Some 150 million new dinars and 5 million German marks have been deposited in business bank accounts. The Yugoslav National Bank has printed notes: 227 million new dinars have been forwarded to the payment transaction service, and 271 million new dinars to business banks. [passage omitted]

Retail Prices Reduced

LD0902134994 Belgrade TANJUG in English 1203 GMT 9 Feb 94

[Text] Belgrade, Feb 9 (TANJUG)—Two weeks after the introduction of the new Yugoslav economic programme retail prices in Belgrade stores have been reduced by a third on the average but have not resulted in a marked increase in the turnover because the population is on the verge of subsistence after a 20-month long international blockade.

Most people only buy bread, milk and the basic necessities, according to prices on Wednesday 747 dinars are needed for the subsistence of a family of four, the Belgrade statistics bureau assessed. The guaranteed minimum wage in Yugoslavia (Serbia and Montenegro) is 20 new dinars (20 German Marks), and the average wage is 40 dinars.

There are virtually no customers for textile goods, clothing, shoes, furniture and household appliances even though stores offer the possibility of payment in two monthly installments and have cut the prices by 50-per cent. In the first four days of the implementation of the programme the retail price growth has dropped from 313 million per cent a month to 888 per cent.

The most serious problem for the experts who have drawn up the programme will be how to revive production which has come to a virtual standstill due to the stringent economic sanctions imposed on the country, which include an oil embargo.

Imports are banned and there is practically no market competition so that prices in Belgrade are the same, and often even higher, than in the largest cities of the world. At the same time wages are lower than in most African countries even though Yugoslavia had been at the level of a medium-developed European state before sanctions were introduced.

Creator of 'Super Dinar' Comments on Measures

AU0902091394 Belgrade BORBA in Serbo-Croatian 5-6 Feb 94 p 5

[Article by Misa Brkic: "Bureaucrats' Resistance Movement"]

[Text] "Pure nonsense!" Dragoslav Avramovic, creator of the super dinar, has repeated this characteristic sentence so often over the last 10 days that it has become proverbial.

Judging by the public acceptance and trust that the new dinar is enjoying, by the increase of the country's hard currency reserves by 19 million German marks [DM] (which accounts for almost 10 percent of the total reserves), and by the shockingly successful reduction of the inflation rate, the head of the rescue team of the Yugoslav economy should not have any reason to be too upset because (as he admitted himself) his trick has been successful so far. Avramovic's inborn optimism and his good manners are, however, overshadowed by the question of how theory can be transformed into practice.

For some of the measures that the Serbian and the Federal Government have put forward under the title of implementation of Avramovic's program, he finds only words of praise. These measures include higher prices for electricity and postal services, the introduction of a 1-percent tax on financial transactions, 1.5 million percent interest on bank accounts overdrafts, taxes on companies ranging from DM100 to DM10,000, receipts confirming the origin of the super dinars when they are changed into German marks in banks, and the decision to make it compulsory to exchange 30 dinars when crossing the border....

All the decisions have several characteristics in common—they prescribe, order, or prohibit certain things. They were signed by either Serbian Prime Minister

Sainovic or FRY Prime Minister Kontic, and caused horror and panic in public. They forced Mr. Avramovic to go to the first telephone and call "the highest office in Serbia in charge of these matters" and ask them for intervention because this "nonsense" does not have anything to do with the original program approved by the "highest office in Serbia" on 5 December 1993. Against his wishes, Mr. Avramovic has been forcefully transformed into someone who has to watch over his program 24 hours a day in order to defend its original innocence.

From that point of view, the author of the program is becoming like the hero of Yugoslav mythology who was not successful in constructing the castle of Skadar on the Bojana River. Everything the hero built during the day some evil nymphs destroyed during the night. Yugoslav industrialists gathered in the Federal Chamber of Commerce the other day and correctly remarked that the program stated one thing, but that a completely different one was coming out under the hammer of the Serbian and federal administration.

If these observations are correct, and there is no reason why we should distrust the author of the program and economists who have been meticulously following all these events, it can now—two weeks after the program was introduced—be forecast with a high degree of probability where the points of resistance will be and which social, economic, and political lobbies could form "the resistance movement" against the latest economic reforms in Yugoslavia. Mr. Avramovic has indicated the "ambushes" himself: In several public speeches he has pointed the finger at the bureaucracy. It must be said that when he acted as a pragmatic politician he partly excused the state officials who, in their wish to make the program work successfully, made certain mistakes. However, when he acted as a former cold-blooded and merciless employee of the World Bank, he did not spare the Yugoslav bureaucrats.

Avramovic called the 50-year-old genetic code of the bureaucracy—formed by prescription, prohibition, and central supervision of all economic processes—a disaster, the logic of which could consume the program as fuel for retaining positions and interests within the ruling system. Based on the two-week experience, it could be concluded that the highest positions in this bureaucratic pyramid are occupied by people whose electronic eyes simply cannot recognize the creative handwriting of the retired World Bank expert.

I do not think that there is an organized conspiracy here; I think there is only the smell of the inherited decay that causes mental incompetence in some employees. That is why I believe that all those well-intentioned critics were right who warned that the "experienced personnel" from the old structures, who caused the collapse of the Yugoslav economy last year, could not change into bureaucrats of "a new generation" who should carry out the process of economic recovery. Simply because it is not enough to support the new economic view verbally; it is

necessary to comprehend what a market economy means and what a economical and effective state must have. It must be repeated that several such programs failed because of this dual nature of bureaucratic structures. Mr. Avramovic is for this reason trying to get support for the fight against "the bureaucrats' resistance movement."

From some of the present announcements it can be seen that it will not be an easy task because the bureaucracy is already showing every intention of rescuing giant socialist companies, of directing investment, and of propagating state enterprise as a successful economic model. Unfortunately, there is no room in this model for Avramovic's free dinar, which has to care for itself. For that reason the initial success of the program must be relativized; we must remain optimistic and wait for some time to see the results.

Government Agrees To Croatian Office in Belgrade

LD0802150594 Belgrade TANJUG in English 1403
GMT 8 Feb 94

[Text] Belgrade, Feb 8 (TANJUG)—The Government of the Federal Republic of Yugoslavia on Tuesday gave its agreement for the opening of an office of the Republic of Croatia in Belgrade.

On the basis of a joint declaration, jointly signed by the representatives of Yugoslavia and Croatia in Geneva on January 19, a Yugoslav bureau will also be opened in Zagreb.

The bureaus should secure communication between the two governments, ease the resolution of open issues, build up mutual trust and establish the normalization of good-neighbourly relations, cooperation and stability in the region, the Yugoslav government said.

The Yugoslav Government also adopted a platform for talks between the Yugoslav and Croatian vice-premiers—Zeljko Simic and Mate Granic—in Zagreb on February 12 and empowered Simic to sign a document on the status of the bureaus which will employ eight people each.

Government Criticizes Human Rights Report

LD0802171294 Belgrade TANJUG in English 1304
GMT 8 Feb 94

["Pool" item]

[Text] Belgrade, Feb 8 (TANJUG)—The Yugoslav Government Tuesday criticized the report of Tadeusz Mazowiecki on the human rights situation in Yugoslavia (Serbia and Montenegro) for omitting to mention that an illegal parastatal formation was active in Kosovo and Metohija which has the objective of joining the Serbian province to Albania.

The government sent its commentary on the Mazowiecki report to the participants of the 50th session of the UN Human Rights Commission being held in Geneva from January 31 to March 11.

The illegal grouping republic of Kosovo is trying to set up a parallel state apparatus and power structure with the open intention of separating the province from Serbia and the Federal Republic of Yugoslavia.

"In line with the norms of international law this must be treated as illegal activity jeopardizing the sovereignty and the territorial integrity of the country in which the minority lives," the commentary states.

Ethnic Albanians in Kosovo and Metohija reject the Constitution of the Republic of Serbia and have at an illegal assembly adopted the constitution of the so-called republic of Kosovo. The Albanian minority organized a referendum on secession with the aim of forming a parallel system of power.

The so-called Ministry of Defense of the "republic of Kosovo," is particularly active, it has war plans, organizes the formation and training of military units, keeps evidence of draftees, has an agreement on the purchase of arms and military equipment from abroad, the Yugoslav Government stresses.

That is why a group suspected of preparing an armed uprising was arrested in September and October 1993. The group was led by Hajzer Hajzeraj, who was declared defense minister, and Ejup Dragaj, the so-called deputy defense minister.

The objective of the action was to maintain its sovereign authority over the entire territory of Yugoslavia, the Yugoslav Government stated.

Commenting the part of Mazowiecki's report related to the rights of ethnic Albanians, Human Rights Federal Minister Margit Savovic assessed Monday that the report insists on the "mistreatment of Albanians" ignoring their separatist activities.

Searches conducted in Albanian houses in Kosovo and Metohija are put on the same level as mines planted in Serb houses in Croatia, and no mention is made of the large quantities of weapons which were discovered by the police during these searches, Savovic says.

Official Views Normalization Process

AU0702212294 Zagreb VECERNJI LIST in
Serbo-Croatian 4 Feb 94 p 7

[Interview with FRY Deputy Prime Minister Zeljko Simic by Milovan Nedeljkovic; place and date not given: "Through Negotiations to the Anti-Fascist Council of National Liberation of Yugoslavia Borders"]

[Text] The arrival of FRY Deputy Prime Minister Zeljko Simic in Zagreb, announced for 12 February, and Croatian Foreign Minister Mate Granic's anticipated

return visit to Belgrade were logical reasons for an interview with, for the present times, an unusual guest. This is a man who came to the position of deputy prime minister from the post of special advisor to Slobodan Milosevic. According to Belgrade assessments, Simic was one of the main strategists for all of Milosevic's moves; he is a man who Milosevic trusts very much, and who is expected to soon become chief of Yugoslav diplomacy. He is a sociologist, educated in England and France.

[Nedeljkovic] What are your expectations of the trip to Zagreb?

[Simic] I believe in tolerant talks and equal negotiations, and I believe that it is possible to resolve many disputed and difficult political issues through talks, so I see no good reason for the Croat-Serb issues not to be resolved on these methodological principles! I am going to Zagreb with a certain amount of realist optimism, because I think that we and the highest Croatian officials have found a good political method for resolving all the disputed issues.

The mere fact that I will come to Zagreb on 12 February, and that I am coming without any prejudices, shows that tolerance is a dominant trait of Yugoslav politics.

[Nedeljkovic] You therefore believe in the normalization of relations?

[Simic] I have no illusions about one trip to Zagreb, or one declaration, being able to solve all the issues that are now a stumbling block in relations between Zagreb and Belgrade. My wish is to show by this visit, which I hope will not only be governed by protocol, that there is a willingness in my country to normalize relations, that a realistic and rational politics is being conducted in the FRY, and that its aim is to solve all the problems in a primarily peaceful way and on equal bases. I believe that both we in Belgrade and the most prominent political figures in Zagreb are aware of the existence of great problems, and of the fact that they cannot be solved during one visit, but this visit, as well as all the visits that will follow, can mark the start of solving the problems that are at present in the way of a general normalization of relations between Croatia and the FRY.

[Nedeljkovic] What precisely do you expect will happen in Zagreb?

[Simic] I hope that there is good will on both sides, and during the talks that I have had with the Croatian officials so far I received the impression that there is. Moreover, although this may sound immodest, all the participants in the recent efforts to establish more stable relations between Zagreb and Belgrade were given a kind of international acknowledgment, primarily that of the International Red Cross, and Mr. K. Somaruga saw in our agreement a symbolic, but also pragmatic act that, in the foreseeable future, could yield mutually beneficial political results.

We have simply turned to the specific, existential issues. It is more than evident that solving these vital problems can have a favorable effect on solving those that are eminently in the political sphere. Solving extremely ambitious political issues can sometimes slow down the normalization of total relations, although I do not deny the possibility of achieving such a situation in the near future. To summarize, I would say that this "political inversion," so to speak, could be extremely fruitful for both sides and for improved future relations.

[Nedeljkov] Could you be more specific about those "vital issues" from which the start would be made?

[Simic] For instance, it would include the resolving of the issue of missing persons, and all issues regarding the area of human rights. Once these issues are resolved, then favorable preconditions will be created for resolving the bigger political issues, which everyone is familiar with.

[Nedeljkov] Does the deputy prime minister of the Federal Government know if there are Croatian prisoners in the FRY?

[Simic] I can claim that, to my knowledge, and according to the knowledge of all the members of the Federal Government, there is not a single Croatian citizen in any of the prisons on the territory of Yugoslavia. However, I allow that some people may be imprisoned on some other basis, perhaps, and if there are such cases, we will investigate them and give the Croatian authorities the real information. All our prisons are open to international institutions, and if there are any indications, anyone from Croatia can also visit those prisons, because there are no camps or anything of the kind in Yugoslavia. Therefore, anyone can come and see for themselves what I have said is true.

[Nedeljkov] What follows after solving these cases?

[Simic] All the efforts in the normalization of relations between the Republic of Croatia and the FRY are aimed at avoiding any possibilities and thoughts, let alone a specific act, that would lead to war. I believe that the aim is mutual: establishing permanent peace on the entire territory of the former Yugoslavia, while any other solution would be unacceptable both for Croatia and Yugoslavia.

[Nedeljkov] The opposition in Croatia and that in Serbia do not accept the present agreements on the normalization of relations.

[Simic] I believe that this criticism is exclusively connected to internal political effects, and this is how it should be viewed, because the arguments used to dispute our efforts make no political sense. If what we are doing and what we are resorting to is so fiercely criticized, the alternative is aggravating relations and departing from peace. What could be the alternative to peace if not war?

[Nedeljkov] How do you see Knin in this context?

[Simic] There is a corps of issues, of vital as well as political importance, that can be solved directly between Zagreb and Belgrade. In my opinion, we can thus pave the way for a further normalization of relations, and then, naturally, toward the resolving of the most difficult political and other issues. However, it is certainly not possible to solve the most vital problems without considering all the disputable issues between the Serb Krajina and Croatia. The political reality is that these disputable issues can only be resolved by the legitimate representatives of the Serb people in the Krajina and the legitimate Croatian representatives.

[Nedeljkov] Is this possible if Milan Martić [president of the republic of Serb Krajina] states in VECERNJE NOVOSTI that, in the course of this year, all the Serb lands will unite (including the Knin Krajina), and that he will then immediately hand over his "presidential staff" to Milosevic, who will be the president of all Serbs, and the capital will be Belgrade?

[Simic] There are many individual statements that, taken out of the context, can serve as an alibi for giving up the peace efforts. For instance, we could view, rather suspiciously, the statement of Mr. G. Susak, the defense minister of Croatia, who recently spoke about the relations between Zagreb and Belgrade in a rather militant tone. He was speaking an intolerant language that anticipated war rather than peace.

[Nedeljkov] Let us go back to Mr. Martić's statement.

[Simic] I can not speak on behalf of the legitimate representatives of the Serb Krajina, nor do I wish to interpret their statements, because it is quite natural to ask them about something like this. I think that the task of all the prudent political forces that bear a certain political weight both in the FRY and in Croatia is to find the solution for the establishment of democratic forms of political communication, and not for the encouragement of the forms that will make the relations between the Serb and Croat peoples, which are strained as it is, even more difficult. In short, no general conclusions should be made on the basis of the statements of any individual political figure, but the problems should instead be viewed as a whole. Fear and mistrust should be thrown out of these strained Croat-Serb relations, which were, until recently, dominated by intolerance, and it should be displayed, through specific acts, that it is possible to have no conflicts in the relations between the two peoples and that such relations are both possible and desirable.

[Nedeljkov] What is happening with the opening of the Croatian Office in Belgrade?

[Simic] We have completed all the details, the location has been determined, there are no technical obstacles, and I think that 15 February is a realistic date for the beginning of the activities of the offices both in Belgrade and in Zagreb. Naturally, if it is postponed for a day or two it will mean nothing significant in the political sense.

[Nedeljkov] There is much talk about the Serbs, but almost no one mentions the Serbs in Zagreb, Rijeka, Split, Pula....

[Simic] We did not talk about that specifically. However, if I go to Zagreb, and I see no reason not to go, I will try to get the answer to that question too. However, all this must be done in a tolerant tone, and the political forces that support a peaceful solution to the Serb-Croat problems should be encouraged, both here and there. There are such forces here, and I believe they also exist in Croatia.

[Nedeljkov] Do the "AVNOJ" [Anti-Fascist Council of National Liberation of Yugoslavia] borders stand any chance?

[Simic] In my opinion, these borders need not be a stumbling block, but a subject of negotiations instead. They are extremely ambivalent when it comes to reality. We have come to realize that if we talk about the right to self-determination, it is the people who create these borders by their own will, and not some political power-wielders. However, I believe that this issue is so delicate that it should be left for later negotiations and talks, and now everything should be done to establish relations between Croatia and Yugoslavia on the basis of mutual trust, and to mark them with maximum tolerance on both sides. It would perhaps be fatal if we were to raise these issues, which are the most delicate, first. However, if we start from smaller, but vital ones, and if both sides realize that there is mutual good will, these most delicate issues could soon be on the agenda too.

[Nedeljkov] Will this year be the crucial one in Croat-Serb relations?

[Simic] Yes, though it could perhaps sooner be said to be a turning point, but only in the sense that real negotiations and agreements should start. It would be illusory to expect the issues that partly concern the past to be solved overnight. The most important thing is that the opinions and forces see a way to solve relations between the two countries only through negotiations prevail on both sides.

[Nedeljkov] Are you saying that you are going to Zagreb with a peace offer?

[Simic] Yes, that is the way to say it. We are prepared for dialogue, and we see tolerant communication as the only possible way to resolve the problem. I speak on behalf of those political forces in Serbia and the FRY that are dominant. The wounds are heavy on both sides, and I am not saying it is easy to forget everything, but we have to start going the peaceful way.

[Nedeljkov] Were the problems of the Croats in Vojvodina mentioned in the talks with the Croatian delegation?

[Simic] Not at all, but that does not mean there will be no discussion of that.

Article Examines Relations With Slovenia

AU0902093794 Belgrade POLITIKA in Serbo-Croatian
5 Feb 94 p 7

[Article by Verica Rudar: "What Is Ljubljana's Message for Belgrade?"]

[Text] In the view of Yugoslav diplomats, the normalization of relations between Slovenia and the Federal Republic of Yugoslavia will certainly be a strenuous and long-term project. Although the establishment of communications between Ljubljana and Belgrade would be very important for the situation in the former Yugoslavia in general, the chances that this could happen soon are minimal.

A signal that relations between Yugoslavia and Slovenia might be reconsidered came this time from the Slovene capital. According to information published in the Yugoslav newspapers, the Slovene Government could be addressing this issue soon. The establishing of relations between the two states, the exchange of diplomatic representatives, and the abolition of the visa requirement for Yugoslav citizens are some of the topics to be considered. This information has not been denied and, apart from that, it is the logical conclusion to a series of statements issued by Slovene politicians, which pointed to a change in relations toward Belgrade.

The announcement about the normalization of relations were also supported by information that an official Slovene delegation had arrived in Belgrade for this purpose, but it was stated that the details cannot yet be published since the matter is very delicate.

The FRY Ministry of Foreign Affairs is denying that any official Slovene delegation came to Belgrade. It is stated that this is rather a visit of businessmen, since these contacts have not been interrupted. It is assumed in the Federal Ministry of Foreign Affairs that Slovene businessmen might even be checking the atmosphere for possible political contacts, but there have been no official statements about it.

Commercial contacts

The signals from the Slovene side are being received in Yugoslavia with reservations. One could even say with distrust.

Yugoslav diplomats point out that Yugoslavia has not been officially recognized by Slovenia. It is also true that Slovenia does not accept Yugoslavia on the international scene. Yugoslav sources claim that Slovenia is becoming increasingly isolated because of its extreme policy toward Yugoslavia, so that this might be one of the reasons why it has decided to "soften" its attitudes toward Yugoslavia.

Official Belgrade has not forgotten "the extremist, anti-Serbian statements issued by Milan Kucan in Albania"

or the moves made by Slovene statesmen who "instead of soothing the passions, stirred them up, always to Serbia's disadvantage."

After reporters remarked that this relatively negative attitude might negate the unofficial signal from Ljubljana, a Yugoslav diplomat said: "We do not think that there is only one opinion in Slovenia about Yugoslavia. Slovenia is the former Yugoslav republic that made the greatest effort to harm the Federal Republic of Yugoslavia. I am now speaking about the official Slovene attitude, not about the attitudes of all the politicians, and especially not about the attitudes of the Slovene people." Yugoslav diplomats have the impression that there are differences between Milan Kucan, the president of Slovenia, Lojze Peterle, the minister of foreign affairs, and Janez Drnovsek, the prime minister, the last being "sober, realistic and trustworthy."

The first signs of a change in the Slovene attitude toward Yugoslavia were noticed during the visit of Karolos Papoulias, the Greek foreign minister, and Vaclav Havel, the Czech president, to Slovenia, in November 1993.

Diplomatic Pirouettes

At that time the press carried statements made by Milan Kucan and Lojze Peterle that unquestionably represented a shift in policy toward Belgrade. Kucan said that "Slovenia never had any conflict with Serbia," and Peterle that "Slovenia would be happy if the conditions for the removal of the sanctions against Serbia and Montenegro were fulfilled."

At the beginning of December 1993, Mr. Peterle, the Slovene minister of foreign affairs, made that attitude concrete in a letter to Warren Christopher, the U.S. secretary of state, in which he wrote: "A possible removal of the sanctions against Yugoslavia is being fully considered since the aims for which they were introduced have not been achieved.... The European Union initiative makes us hope that the situation in the Balkans can be solved."

In the view of Slovene political commentators, the softening of the Slovene attitude toward the FRY is a part of the diplomatic tactics the aim of which is to adapt Slovene policy to the policy of the European Union, with which Slovenia is awaiting negotiations about associate membership. Belgrade diplomats agree with this assessment and claim that the first announcement of possible contacts between Yugoslavia and Slovenia were made by arrangement with Germany and Austria.

In the focus of Serbian attention now are relations with Croatia, and as far as Slovenia is concerned, the official proposal for the normalization of relations has to be specified first. Single statements and "diplomatic pirouettes" are not enough to overcome the present differences, including the Slovene attitude toward Kosovo, the interruption of economic relations, the way Slovene

independence was achieved by force, and diplomatic duels on the international scene.

[Box, p 7]

Jovanovic: "Slovenia Must Excuse Itself"

"In order to enter the process of normalization of relations with Slovenia, certain conditions must be fulfilled first," Vladislav Jovanovic, FRY minister of foreign affairs, said in a statement for POLITIKA, and added: "First it is necessary for Slovenia to excuse itself for the rude and impertinent move it made a year ago in refusing the Yugoslav offer of recognizing Slovenia. It is further necessary that the anti-Serbian campaign that Slovenia has been spreading all over the world is ended and that it acknowledges that those who remained in Yugoslavia have the right to self-determination. Apart from that, Slovenia must stop challenging the continuity of Yugoslavia as a state."

Slovenia made a mistake by insisting that the FRY be excluded from all international forums. In addition, Slovenia supports the lifting of the arms embargo on the Bosnia-Herzegovina Muslims. There are many situations that prove that Slovenia has a hostile attitude toward Yugoslavia. We are not bothered that Slovenia is an independent state. On the contrary, while we lived together, we had excellent relations. That is why our surprise was great when the turnaround occurred.

Yugoslavia is interested in good relations with all of its neighbors—old and new alike. Slovenia is no exception. We cannot account for the hostility that they have shown toward Yugoslavia and toward the people who are living in this region now. Official Slovenia should find ways and means to end this hostility. We are, of course, interested in normal relations between Slovenia and Yugoslavia, but some prerequisites have to be fulfilled," Jovanovic concluded his statement.

Serbia

'Experts' Claim Mine Used in Sarajevo Massacre
AU0902102494 Belgrade POLITIKA in Serbo-Croatian
8 Feb 94 p 9

[Radovan Kovacevic and Radovan Pavlovic article: "A Mortar Could Have Not Caused Such a Tragedy"]

[Text] The massacre that took place at a Sarajevo market was not the work of an insane mind but of a cool and calculated criminal who is exceptionally knowledgeable about combat techniques. This was stated by Colonel Milan Rundic, a long-serving member of the research team at the Military-Technical Institute. He has been carefully analyzing the horrific effects of the explosion. He intends to inform the public and experts of his conclusions.

"I claim that such a destructive effect could have not been caused by any bomb fired from our mortars, regardless of their caliber," he said.

"According to the information to which I have had access, I think that this was an antipersonnel mine that produces a circular, splinter effect [kruzno parcadno dejstvo]. This mine was developed in our institute, but has never become part of the Yugoslav People's Army's equipment.

"The final development stage of this mine, which was carried out in total secrecy, was entrusted to the Slavko Rodic military factory in Bugojno. The head of the team there was Isak Asim. Bugojno is predominantly a Muslim town, in which the accounts with the Serbs had been settled quickly, and then with the Croats. The factory has been bombed, but, judging by everything, production was quickly resumed according to the blueprints, which survived, and the highly developed technology...."

The mine that Colonel Rundic claims was used in Sarajevo was certainly much more powerful than those that appeared in the naught series [nulna serija] in Bugojno, but, as he stresses, what was important in the production of this explosive device was its operating principle.

Balls and Plastic Explosive

He drew a picture depicting a plastic cylinder, filled with up to 5,000 small metal balls 4-5 mm in diameter. The explosion is initiated from inside in such a way that it simultaneously triggers plastic explosive at the top and the bottom of the cylinder. The two detonation waves thus caused drive the balls with immense force toward the middle, and are then released horizontally at incredible speeds. The spread is deadly and does not scatter itself, but in fact kills anything within a 60-80 meter radius.

Colonel Rundic refutes the report, that is, the hypothesis of AFP, that the mortar hit a market stall and exploded in a relatively confined area, resulting in what is claimed to be the "world record" in this kind of killing. Our interviewee rejected this. Only a mine with a circular effect, judging by the traces and other details, could have killed so many people.

The mine was brought to the market by someone. Considering its small dimensions and can-like shape (like a can of beans), it was planted in a certain place in advance. The mine has a fuse that can be set to activate the mine at any time from five minutes to several days.... The list of suspects excludes the Serbs, because they are in Grbavica. In reply to the question why such a large number of people were there at that time, the colonel said that he was not an expert on that, but that one should investigate whether anyone had started distributing food at that spot unannounced at the very time when the detonator was activated.

Replying to why anyone in the Muslim part of Sarajevo would want to kill people in such a cruel way, Colonel Rundic asked: "Did not something similar happen in Vaso Miskina Street [where a Serbian shell killed civilians in a bread queue]?"

Why Is the Market Intact?

Other experts of the Yugoslav Army also claim that it was impossible for one 120-mm mortar to kill 68 and wound nearly 200 people, as stated by UNPROFOR [UN Protection Forces] the day before yesterday.

An artillery expert in the General Staff of the Yugoslav Army told us yesterday that all analyses show that one bomb could have not caused such a large number of casualties, and that it was probably an improvised, remote-controlled, explosive device planted at the Merkale market.

The anonymous colonel from the Artillery Department of the General Staff of the Yugoslav Army said that the tragedy in the Sarajevo market was caused by an improvised mine, the so-called camouflet [fugasa], and that it could have not been a projectile fired from a mortar or any other artillery piece.

This deadly mine can be "made" very easily: Plastic explosive of destructive power could be put into a sack of potatoes or some other market commodity, reinforced with steel pellets, placed under a market stall, and then detonated. Only such a device or something similar could have caused such a large number of tragic casualties.

However, to avoid speculations and guessing, everything could be precisely established with an investigation and autopsies of the bodies of those killed, which must have contained fragments of the projectile.

What artillery experts unequivocally claim is that this tragedy was not caused by a mortar. Judging by what the television pictures have shown so far (information about the tragedy is certainly selective and strictly censored), a similar effect could be caused by six to nine mortar bombs. If this were the case, the Sarajevo market would have been almost destroyed. The reports on the tragedy have so far mentioned only one bomb. The public was shown only a small crater.

Our interviewee said that the effect of mortars is not so devastating if people are in a group, as was the case at the market when people were waiting for the distribution of humanitarian aid. "Every person in the group acts as a kind of shelter to another person, because shrapnel does not travel through a human body as bullets do," the colonel from the General Staff of the Yugoslav Army said.

However, such a number of people could have been killed by several bombs of a higher caliber, such as 120-mm, 160-mm, and 240-mm (none of the sides in the conflict in Bosnia-Herzegovina uses the last of these),

but these bombs would have to explode simultaneously and would certainly destroy a good part of the market.

The origin and type of explosive in the bomb could be established precisely, if it was fired at all, because traces of artillery fragments would remain on the concrete ground. Craters show a real "picture" for experienced artillery experts. On the basis of craters they can determine who fired a shell and from what weapon, the military expert said.

Draskovic Elected Head of DEPOS Group

LD0802154394 Belgrade TANJUG Domestic Service in Serbo-Croatian 1055 GMT 8 Feb 94

[Text] Belgrade, 8 Feb (TANJUG)—Vuk Draskovic has been elected head of the Democratic Movement of Serbia [DEPOS] deputies group in the Serbian parliament. The DEPOS group has 45 deputies and is the second largest after the Socialists.

'Skinheads' Kidnap Former Krajina Official

AU0802144094 Belgrade BORBA in Serbo-Croatian 5-6 Feb 94 p 6

["D.B."-signed report: "Veljko Dzakula Kidnapped"]

[Excerpts] Belgrade—According to the statement issued by the Citizens Alliance of Serbia, Veljko Dzakula, former official in the government of the republic of Serbian Krajina, was kidnapped yesterday by unidentified people in front of the Yugoslav Drama Theater. Dzakula, who had appeared on NTV Studio B [independent television station] two nights ago, was kidnapped by "three skinheads."

In the statement for BORBA, Vesna Pesic, chairman of the Citizens Alliance of Serbia and a deputy in the Serbian Assembly, said that she immediately sent a telegram concerning this incident to Minister Zoran Sokolovic and President Milosevic. [passage omitted]

Imprisoned for Negotiating

Veljko Dzakula, an engineer and former vice president of the Republic of Serbian Krajina; Dusan Ecimovic, former information minister; and adviser Mladen Kulic were in prison until 21 September last year—first in Knin and then in Glina—for signing an 11-point agreement with Ivan Milas, leader of the Croatian delegation, after the meeting on 18 February in the village of Doljani near Daruvar.

"To sign a secret agreement in times of war is an act of treason," Goran Hadzic, then president of the republic of Serbian Krajina said, while Dzakula claimed that he had "the authority to negotiate, since the talks with Croatia concerned local problems—reconstruction of the infrastructure, delivery of water, electricity..." The interesting thing is that the other three members from the negotiating team not only avoided any blame (and

prison) but also remained at their posts in the government of the republic of Serbian Krajina.

Change in Democratic Party Leadership Examined

AU0902114894 Belgrade POLITIKA in Serbo-Croatian 4 Feb 94 p 10

[Vesna Vujic commentary: "The Democrats After 'Muscle Building'"]

[Text] Professor Dragoljub Micunovic, the undisputed leader of the Democratic Party [DS] for four years and one of the most prominent figures of the Serbian opposition, has left the front line of the Serbian political scene. His departure marks the end of a kind of politics of the center, and an attempt at a compromise that was not successful, measured by the number of deputies. It seems that in times of ultra extreme left and extreme right political programs it could not be.

When he submitted his irrevocable resignation, Micunovic told the deputies at the DS convention that he wanted to spare them the embarrassment of replacing a man of whom they could not prove the least stigma of guilt. In fact he could not have had such a scar, as in principle he has consistently implemented his party's policy—somewhere in the middle. After the 1992 elections, it became clear for the first time that the fact that the DS gained only seven seats in parliament was disproportionate to the great investment in the party. Thus, even then, some communal party committees called for a change in the party leadership and even in the policy of the DS. Micunovic, and even Dr. Zoran Djindjic, chairman of the Executive Committee of the DS, did not think the time was ripe.

Policy of Compromise

Then last autumn Djindjic judged that the time was ripe and he set off almost unstoppably on the quest for the top post in the party and the top of Serbian politics. Although Micunovic had recently been speaking out as a fierce oppositionist and had been demonstrating the high standard of his rhetorical talent, it was already too late. Along with him, all philosophers in the DS as well as in Serbian politics have lost the battle. Micunovic is the embodiment of sublime political contemplation, as well as of political activity that is not in coordination with that contemplation.

Djindjic has come to the top because, having stepped out of Micunovic's shadow, he began to give the impression of being an extremely practical man who knows what he wants and how to get it. This does not necessarily mean, however, a change in DS policy. In fact, he openly says that there will be no changes in the program but there will be changes in action. With the change at the top, the DS appears to be the same creature, but after a course of vigorous "muscle building." Djindjic has confirmed this by saying: "We are a party that has lost fat and gained muscles."

In leaving, Micunovic certainly took with him the former policy of compromise, particularly regarding the Socialist Party of Serbia. The question remains of what Djindjic will do now. In this respect, other opposition parties do not consider Djindjic any less suspicious than Micunovic. At the end Micunovic himself accused Djindjic of colluding with the Socialists.

As the main evidence of this one usually cites Djindjic's sudden haste in replacing the former leader of the Democrats, who did not have even a full year left to go to the end of his term. Nobody was in any doubt that Djindjic would naturally be the head of the party after that. Moreover, long before the denouement in the DS leadership even started, Dr. Vojislav Seselj, who was still close to the Socialists at the time, announced Micunovic's replacement. It is also a fact that during his election campaign, Djindjic said that Milosevic should not be attacked. What is more, the Democrats have no interest at all in parliamentary posts, but are definitely interested in all talks about a government of national unity.

Airing of the Opposition

Djindjic considers the accusations of cooperating with the Socialist Party of Serbia to be the greatest slander. Regarding the change in party policy, he says he called for it because there was a danger of the party losing the entire political capital it had built up and of being left without a single seat following some future elections. Secondly, he asks why he would want any posts in the fourth Socialist government when he has shown no interest in the previous ones. "I am not that politically naive and stupid," the new leader of the Democrats says.

Djindjic's sense of pragmatism—something that, without exception, everybody grants him—will direct his strategy and thereby the behavior of the DS. Namely, the Democrats proceed from the fact that a system can be destroyed only from within, so that the party's possible participation in the government would not be such a great surprise. Djindjic does not conceal the fact that his aim is not to get the votes of the opposition, but the votes of the Socialists, as well as of the undecided. He says very self-confidently that his next aim is 50 seats in parliament.

His policy is also to ingratiate himself with the Socialists, something that at one time the Radicals were successful at. It is clear that following the December elections, the electorate is becoming more stable and there is less inclination toward the extremists. With a new man the Democrats will try to occupy as much space as possible in the political center. That is why it is not surprising that the change at the top took place in the party that is the embodiment of such a policy of the center. With the power of the Socialists reduced, the opposition can breathe a little more easily. Therefore, Micunovic's departure may herald the airing on a bigger or smaller scale—the appearance of new ideas and new people—in other opposition parties as well.

FONET News Agency Begins Operations

AU0802144294 Belgrade NEDELJNA BORBA in Serbo-Croatian 5-6 February p 5

[Unattributed report: "FoNet News Agency Founded"]

[Text] A professional and commercial news agency, FONET, whose sole founders and owners are journalists Nebojsa Magdeski and Zoran V. Sekulic, will commence operations on Monday, 7 February. The news agency's products will initially consist of mainly telephone (audio) reports from correspondents and contributors in the country and abroad, which will be offered to the electronic media, radio and television. The agency's network of correspondents will cover all the main centers in the Federal Republic of Yugoslavia, all the most important places on the territory of the former Yugoslavia, and a large number of places in all the continents.

Montenegro

Seselj Urges Formation of Greater Serbia

AU0802152394 Belgrade BORBA in Serbo-Croatian 7 Feb 94 p 2

["B.I.M."-attributed report: "Seselj Threatens Muslims and Montenegrins"]

[Text] Podgorica—"Where are those who threatened me not to come to Montenegro?" Dr. Vojislav Seselj asked the members of the Serbian Radical Party [SRS] and its sympathizers, who gathered to hail their leader on Saturday evening. To support his claim that there are no obstacles for him in "Serbian Montenegro," the leader of the Serbian Radicals quoted his visit to Plav, which is mainly inhabited by Muslims. "I strolled through Plav yesterday, and nobody dared utter a word," boasted Seselj who was received in the Budo Tomovic youth hall in Podgorica with chants Serbia! Serbia! and well-known Chetnik songs (Who is the second, I am the first to drink Turkish blood).

Seselj spoke mostly about the progress that has been made in the creation of a greater Serbia, calling on the Muslims and the Croats in the Republic of Croatia to "accept the peace on the front lines as this is the most fair. If they do not want this, the Serbs will conquer even those territories that they lost because of the betrayal by the former Yugoslav Peoples' Army." For this reason, the Serbs have lost Dubrovnik, Zadar, Sibenik, Karlovac, Virovitica, and Osijek ("all Serbian towns"), however, "one must be realistic" now and form a unified Serbian state with one parliament and one president on the territories that the Serbs "have managed to liberate."

"The SRS is a sword hanging over the heads of enemies of the Serbs," Seselj stated and added that "the Muslims in Sandzak are preparing for an uprising," however "let them, as several tens of thousands of SRS members and the Serbian Chetnik movement members are ready to go

to these territories at any moment to prevent the fragmentation of the Serbian lands." The revenge will be bloody and there will be no mercy, Seselj added.

Dr. Seselj also reviewed the efforts of individual Montenegrin parties (the Liberal Alliance of Montenegro and the Social Democratic Party) to separate Montenegro from the Serbian lands, which he described as "the betrayal of Serbianhood by foreign mercenaries," who would not have entered the Assembly had the Albanians, the Muslims and the Catholics in Boka Kotorska not voted for them.

Kosovo

Serbian Planes Fly Over Pristina; Police Raids

AU0802200094 Tirana TVSH Television Network in Albanian 1900 GMT 8 Feb 94

[Text] Serbian military planes flew low over Prishtina for almost the whole day today. Meanwhile, it is reported that Serbian police expeditions continue to raid Albanian families all over Kosova and mistreat men and women. There are reports of new arrests of Albanian political activists. The Serbian police stole the goods of 40 lorries belonging to Albanian traders in Prishtina and Prizren today.

Commentary Views Rifts Among Kosovar Albanians

AU0902135694 Belgrade POLITIKA in Serbo-Croatian 5 Feb 94 p 10

[Milan Laketic commentary: "Fictitious Conflicts in Fictitious Republic"]

[Text] Pristina, 4 February—"Only the peasants resisted the tremors"—under this headline, ZERI, a newspaper that comes out in the Albanian language in Pristina, presents the chronology of the conflicts on the political scene in the fictitious republic of Kosovo. However, even though the republic does not exist, the conflicts among its political leaders are real enough.

Although Shkelzen Maliqi, one of the pioneers of party pluralism in Kosovo, says in ZERI that the rift among the Albanian leaders should not be written about, the Albanian press keeps exploiting this topic to the full. According to ZERI, the surprise came when Jusuf Buxhovi, one of the founders of the Democratic League of Kosovo [LDK], was removed from that party. That triggered off a series of political clashes in the most populous and influential Albanian party in the Balkans.

The LDK members are wondering what Anton Kolaj, member of that party's presidency, is doing in the United

States while they, as they say, are here fighting the Serbian authorities. The explanation that Anton Kolaj is in the United States to form a branch of the party does not sound convincing enough, particularly as the party and Kolaj are only interested in the money of Albanian guest workers in the United States.

According to ZERI, the conflict started in the Parliamentary Party of Kosovo, when "the entire leadership was removed" from the party. This was, by the way, a party of young people. There has also been a rift in the Christian Democratic Party. Lazer Krasniqi, its leader, is now in Zagreb, according to ZERI, and academician Mark Krasniqi is now the leader of the party. Those with a good knowledge of the political trends in Kosovo and Metohija have from the start doubted that this party had a future, since most of its members are Albanians of the Muslim faith, so this must be the only Christian Democratic Party in the world whose members are predominantly Muslim.

There have also been rifts in UNICOMB (the Party of National Unity) since its chairman Halit Alildemaj left. He is now in Tirana. Skelzen Maliqi and Kacusa Jashari have left the leadership of the Social Democratic Party.

According to BUJKU, there have also been rifts between "the president of the republic and the government of Kosovo." BUJKU's commentator wonders whether it is true that there has also been a rift among the ranks of the LDK and Bukoshi's government.

Academician Rexhep Qosja told the press about the cause of the rift:

"The problem is double-edged—because of the prestige and the money that Bukoshi is gathering diligently while Rugova wants to spend it without any controls."

Adem Demaci, chairman of the Commission for Human Rights and the director of the weekly FORUM, was more open in presenting the real picture. He sent out an appeal to his fellow-citizens "not to pay 30 percent of their income in tax to a republic that is not recognized by anyone. The chances are that they, Edita Tahiri and Anton Kolaj, are spending that money in the United States." Demaci also said that many leaders use the money from that fund to educate their children abroad, while the Albanians in Kosovo can barely make ends meet.

Following these individual clashes, the supporters of Rugova's option are now faced by an official opposition. At the recent gathering of Albanian parties in Tetovo—which was not attended by the representatives of Rugova's LDK—the so-called democratic bloc was formed. Mahmut Bakalli, who hitherto used to communicate exclusively in the Ankara-Pristina-Bonn-United States direction—made his first public appearance in Tetovo.

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